The Two-Way Relationship Between International Migration and Institutional Quality in the Migration and Development Nexus

A thesis

submitted in fulfilment

of the requirements for the degree

of

Doctor of Philosophy in Economics

at

The University of Waikato

by

NGOC THI MINH TRAN

THE UNIVERSITY OF
WAIKATO
Te Whare Wānanga o Waikato

2018

Abstract

The two-way relationship between international migration and institutional quality is at the core of migration and development interconnections. Migration decisions are shaped by various types of institutions, and subsequently alter the quality of institutions in both home and host countries. This thesis empirically examines the two-way relationship between international migration and institutional quality at the country and cross-country levels. Three studies on the return decisions and intentions of Vietnamese migrants are presented, which elucidate the role of institutional quality in explaining migration. Subsequently, a panel analysis that involves across-country-and-time comparisons is presented that investigates the development role of migration in improving institutional quality in home countries.

In the first study, binary and multinomial regression models are fitted to identify the determinants of Vietnamese return migrants' location choices when registering for permanent residency back in their home country. The analysis reveals that institutional quality at the local level has a positive role in these migration decisions. Moreover, the revealed effect differs with the characteristics of migrants: regions with better institutional quality are more attractive both to younger return migrants and to those who have returned from host countries with better institutional quality.

The second study uses data from a web-based survey conducted in OECD countries in 2016 to examine determinants of the intentions to repatriate among Vietnamese migrants. Logistic regression results suggest that Vietnamese migrants who attach greater importance to the institutional quality in Viet Nam are less likely to have the intention to return than others. However, there is

considerable heterogeneity by gender. The concern about institutional quality in Viet Nam is only statistically significant for males.

The third study attempts to measure the implicit monetary value of institutional quality, elicited via the return migration channel using the contingent valuation method. More specifically, this study estimates the willingness to pay for an improvement in institutional quality in Viet Nam. Based on survey data on Vietnamese migrants living in New Zealand collected in 2016, the estimated willingness to pay for a one-unit improvement on a scale of institutional quality is, on average, NZD 79.80 per week, and positively associated with the respondents' age and the importance of institutional quality in Viet Nam to their repatriation intentions.

The fourth study investigates the influence of diasporas in OECD countries on institutional quality in home countries. Particularly, the heterogeneity of diasporas is taken into account, in terms of their distribution across host countries and duration-of-stay. A modified measure of diaspora size, namely institutional-quality-adjusted immigrant stocks, is developed to allow for variations in institutional quality between host countries. Duration-of-stay in the host country is utilized as an indicator of the strength of interaction with home countries. Cross-sectional and panel analyses find a significant positive impact of diasporas in OECD countries on institutional quality in home countries. Remarkably, the diffusion of advanced institutions from developed host countries to home countries through the international migration channel is stronger with diasporas characterized by shorter duration-of-stay.

In general, the empirical findings of this thesis underscore the important role of good institutional quality in governing migration for development.

Notes on Publications

Chapter 3 is published as:

Tran, N. T. M., Cameron, M. P., & Poot, J. (2018). Local Institutional Quality and Return Migration: Evidence from Viet Nam. *International Migration*. https://doi.org/10.1111/imig.12451

Chapter 2 is currently under review:

Tran, N. T. M., Cameron, M. P., & Poot, J. (forthcoming). The Importance of Political and Economic Institutions to the Decisions of International Migrants. In K. Kourtit, K. B. Newbold, P. Nijkamp, & M. Partridge (Eds.), *The Handbook on the Economic Geography of Cross-Border Migration*. Springer Verlag.

Chapter 4 is currently under review:

Tran, N. T. M., Cameron, M. P., & Poot, J. (forthcoming). Return or Not Return? The Role of Home-Country Institutional Quality in Vietnamese Migrants' Return Intentions. *Migration Studies.*

Chapter 5 is currently under review:

Tran, N. T. M., Cameron, M. P., & Poot, J. (forthcoming). What are Migrants Willing to Pay for Better Home Country Institutions?. *Economic Inquiry.*

Chapter 6 is currently under review:

Tran, N. T. M., Cameron, M. P., & Poot, J. (forthcoming). International Migration and Institutional Quality in the Home Country: It Matters Where You Go and How Long You Stay. *Journal of Comparative Economics.*

Acknowledgements

This thesis is a milestone of my PhD journey. It represents professional work, enduring efforts, enthusiasm, and the kindness of a great many people. I would like to thank all who in one way or another contributed to the completion of my thesis and made it an unforgettable chapter of my life.

My deepest gratitude goes to my supervisors, Associate Professor Michael P. Cameron and Emeritus Professor Jacques Poot, for providing me invaluable guidance and involvement throughout the different research projects presented in this thesis. I have been receiving generous support and constructive advice from my respected supervisors in doing research, writing and submitting papers for publication, responding to reviewers' comments, and presenting at conferences and seminars. The knowledge and skills I gained during my PhD study credit the enormous contributions of my supervision panel.

My sincere thanks go to Maria Neal, Amanda Sircombe, Denise Martin, and Geua Boe-Gibson for their valuable help and assistance during the time I was doing research in the School of Accounting, Finance and Economics.

My special appreciation goes to the members of my examination panel, Professor Paul Dalziel and Dr. David McKenzie, for the encouraging and constructive comments on my thesis.

I am thankful to the Government of New Zealand for providing financial support in the form of a New Zealand ASEAN Scholarship.

My special thanks go to the Overseas Vietnamese Committees of Ho Chi Minh City for providing me with research data, and to my colleagues at the Viet Nam National University of Ho Chi Minh City – University of Economics and Laws for their support and encouragement.

I am indebted to my beloved husband Trương Văn Hiếu, daughter Trương Minh Anh, and son Trương Minh Khang for their warm love and unconditional companionship. My journey would not have been possible without my family by my side. I am also thankful to my parents and parents-in-law for their endless support. My deepest thanks go to my mother who is always there when I need and cherishes with me every great moment.

To my PhD colleagues and friends, Omoniyi B (Niyi) Alimi, Dương Thị Diệu My, Đoàn Mai Anh, Muhammad Irfan, Vijay Kumar, Helio Augusto Da Costa Xavier Mau-Quei, Nguyễn Thị Ngọc Dung and Hari Sharma, thank you for your listening, feedback, and help.

Hamilton, New Zealand, December 2018

Trần Thị Minh Ngọc

Table of Contents

List of Figures

List of Tables

Abbreviations

2SLS	Two-stage Least Squares
CC	Control of Corruption
CEPII	French Centre for Research and Studies on the World Economy
CLM	Conditional Logit Model
CPI	Corruption Perceptions Index
CV	Contingent Valuation
CVM	Contingent Valuation Method
DIOC	Database on Immigrants in OECD Countries
EFW	Economic Freedom of the World Index
EM-DAT	International Disaster Database
FE	Fixed Effects
GDP	Gross Domestic Product
GE	Government Effectiveness
GSO	General Statistics Office of Viet Nam
ICOW	Issue Correlates of War Colonial History Data Set
ICRG	International Country Risk Guide
IDS	OECD International Development Statistics
IEF	Index of Economic Freedom
IMF	International Monetary Fund
LTZ	γ Local-to-Zero
MLM	Multinomial Logit Model
MOLISA	Ministry of Labour – Invalids and Social Affairs of Viet Nam
MWTP	Marginal Willingness To Pay

MXL	Mixed Logit Model
NZ	New Zealand
NZD	New Zealand Dollar
ODA	Official Development Assistance
OECD	The Organisation for Economic Co-operation and Development
OLS	Ordinary Least Squares
PAPI	Viet Nam Provincial Governance and Public Administration Performance Index
PCA	Principal Component Analysis
PCI	Viet Nam Provincial Competitiveness Index
PPP	Purchasing Power Parity
PV	Political Stability and Absence of Violence/Terrorism
RE	Random Effects
RE-IV	Random Effects Instrumental Variable Estimator
RL	Rule of Law
RQ	Regulatory Quality
UCI	Union of Confidence Interval
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VA	Voice and Accountability
VCCI	Viet Nam Chamber of Commerce and Industry
VHLSS	Viet Nam Household Living Standards Survey
VN	Viet Nam
WEO	World Economic Outlook
WGI	Worldwide Governance Indicators
WTP	Willingness To Pay

Chapter 1: Introduction

1.1 Overview

Spatial mobility is an entrenched characteristic of people. In the era of globalization, international migration has reached unprecedented levels and global diffusion. The worldwide stock of international migrants has surged by 49 per cent, from 173 million people in 2000 to 258 million people in 2017 (United Nations, 2017a). Overall, roughly 3.3 per cent of the world population are international migrants, but in many OECD countries migrants account for 15-25 per cent of the population and up to 40 per cent of the population of gateway cities. Flows of international migrants have touched most parts of the world and generated impacts, positively and negatively, on the development of both home and host societies that involve demographic, cultural, social, economic, and political features (Kapur and McHale, 2012; Nijkamp et al., 2012; Orrenius and Zavodny, 2012; Bodvarsson and Van den Berg, 2013; Chiswick and Miller, 2015; Ozden and Rapoport, 2018).

In the extant literature, the academic and policy debate on the impacts of migration has tended to become polarised into pessimistic and optimistic views (de Haas, 2010). For decades, the pessimistic views reflected the depletion of sending countries' human capital stock caused by the emigration of the highly educated population. However, since the 1990s, international migrants have been optimistically recognized as external factors for the national development of sending countries. In the recent literature, the emigration of high-skilled people has been shown to effectuate positive network externalities for sending countries (Docquier and Rapoport, 2012). Brunow et al. (2015) provided empirical evidence that the world will benefit economically in the long-run from greater cross-border

migration in response to various incentives and disequilibria. The positive contribution of migrants to sustainable development and the major relevance of migration for the development of sending and receiving countries were acknowledged in The 2030 Agenda for Sustainable Development Migration (United Nations, 2015). Nonetheless, the debate on the links between migration and development may be cyclical, since the contemporary optimistic perspective has recently been critiqued by human geographers and scholars in related disciplines (Gamlen, 2014). One of the key arguments of the new pessimistic view is that the migration and development relationship is geographically dependent and has been partially driven by political and economic interests.

In recent years, the interconnections between migration and development have been an active research area (Kapur and McHale, 2012). This body of scholarly research addresses the causes and consequences of migration in the migration and development framework. As proposed by Kapur and McHale (2005), international migration may alter the development of countries of origin through four principal channels: prospect, absence, diaspora, and return. The prospect channel refers to how the possibility of moving abroad drives the human capital investment decisions of prospective migrants. Wage differentials across countries induce prospective migrants to invest in skills that are expected to have higher returns in foreign labour markets. Consequently, human capital investments motivated by migration prospects gradually establish a sound foundation for the economic growth and development of sending countries in the long-run. In other words, the prospect channel emphasizes the positive externalities of high-skilled labour emigration. The absence channel focuses on the detriment to sending countries caused by the ‘brain drain’. As the role of

human capital accumulation is central to sustained economic growth in the modern endogenous growth model (Romer, 1986; Lucas, 1988), reducing the high-skilled population impairs economic development, particularly in developing countries. The diaspora channel highlights the positive influence on countries of origin of their diasporic communities. Diaspora may be external inputs for development, facilitating trade, investment, remittances, tourism, knowledge exchange, etc. Finally, the return channel underlies the development role of international migrants when they repatriate and bring their human, financial, and social capital, and innovative norms acquired from abroad. Those resources are of enormous importance to national development.

In the large literature examining the impacts of international migration on sending and receiving societies, migration has been assumed to be exogenous. However, the nature of the linkages between migration and development is reciprocal, rather than unidirectional; thus migration is an endogenous variable (de Haas, 2010). Theoretical studies and empirical analyses of the determinants of migration have suggested that the development context, represented by such structural factors as economic performance, institutional quality, unemployment, taxes and social insurance/welfare, or income inequality, are important drivers of migration. More specifically, the development context acts as a pull and/or push factor shaping migration propensity and decisions. Moreover, the possibility of international migrants having effects on the development in their home countries, and the intensity of the development improvement effects, are plausibly dependent on the prevailing development context. Therefore, recent theoretical models explaining migration have incorporated endogenous migration to fully account for both the causes and consequences of migration (Bodvarsson et al., 2015).

Among the structural factors associated with the development context of a country, the importance of institutional quality in the migration and development nexus has recently drawn scholarly and policy attention as fundamental to economic growth and development prospects, and an important determinant of migration decisions. In general, institutions are rules influencing how the economy works, and the incentives that motivate people; and institutions, both economic and political, fundamentally cause differences in economic performance between countries (Acemoglu et al., 2005; Acemoglu and Robinson, 2012). The nascent but rapidly growing body of literature on migration and institutional quality identifies three main research questions: (i) do institutions shape migration decisions?; (ii) do international migrants contribute to institutional development in their countries of origin?; and (iii) do international migrants generate negative effects on institutional quality in their countries of destination?

In responding to the first research question, researchers have empirically shown that good institutions may act as pull factors attracting migrants, while on the contrary, bad institutions may act as push factors triggering emigration incentives (Borjas, 1989; Rowlands, 1999; Karemera et al., 2000; Vogler and Rotte, 2000; Bertocchi and Strozzi, 2008; Ashby, 2010; Hatton and Williamson, 2011; Ariu et al., 2016; Cooray and Schneider, 2016). The implications of these findings are that favourable institutions are essential for building and sustaining human resources for development and are important to both developed and developing countries. Empirical literature addressing the second research question has found evidence that international migration to institutionally advanced countries induces a positive effect on institutional development in home countries (Ammassari, 2004; Spilimbergo, 2009; Batista and Vicente, 2011; Pfutze, 2012;

Beine and Sekkat, 2013; Chauvet and Mercier, 2014; Docquier et al., 2016; Li et al., 2016; Barsbai et al., 2017). There are various channels through which international migration can improve home-country institutions, including the transfer of political norms, voting from abroad, financial remittances, return migration, and lobbying activities from abroad (Lodigiani, 2016). With respect to migrant-receiving countries, the apprehension natives have about the potentially negative impact of migrants on their well-being, fiscal health, and public security has generated considerable public and political scepticism about immigration. Therefore, answering the third research question has also been an ongoing concern of researchers and policy makers. Nonetheless, evidence of significant adverse effects of immigration on host-country economic and political institutions has not been found (Baudassé et al., 2018).

Drawn from these strands of literature, it is obvious that international migration and institutional quality interact and ultimately demonstrate a bidirectional causality that is intrinsic to the migration and development nexus. International migration is an endogenous predictor of institutional quality in countries of origin due to the fact that migration may itself change over time under the influence of domestic and/or foreign institutional quality. This two-way relationship challenges empirical estimations of the influence of international migration on institutional quality. In addition, attempts to establish the causal relationship between international migration and institutional quality have also been impeded by problems of unobserved country-specific differences affecting both variables, and the self-selection attribute of international migrants along a wide range of dimensions, especially education. For instance, since high-skilled

migrants are more sensitive to bad quality of institutions (Olesen, 2002), they may self-select to migrate to countries with better institutional quality.

To mitigate biased estimations of the influence of international migration on the quality of institutions caused by these problems, researchers have been employing external and/or internal instrumental variables. Conventional external instrumental variables are natural shocks, migration costs, and historical events, which are strongly correlated with the endogenous migration variable, but may be assumed to be uncorrelated with variation in institutional quality due to unobservable factors; internal instrumental variables are lagged values or time differences of the migration variable (see e.g. Docquier et al., 2016; Lodigiani, 2016). Although instrumental variable methods have been widely used to tackle endogeneity, they have come under criticism for possible violations of the exogeneity and relevance conditions. Researchers have developed strategies to avoid invalid instruments and methods to cope with weak instruments (see Murray, 2006 for a review). The recent work of Conley et al. (2012) provides researchers with strategies to check the robustness of the instrumental variable estimates when violations of the exclusion restriction are allowed for. However, another challenge to the application of instrumental variable methods for identifying casual effects is that the instrumental variable estimates are, though consistent, not unbiased, especially when samples are small (Becker, 2016).

Lee (1966) advanced the push – pull theory, which has been the foundation for incorporating structural factors pertaining to societies, such as development context, economic performance, institutions, policy regime, etc., in analysing migration decisions. However, it was not until the 2000s that institutions became salient to research on the spatial mobility of people. The interconnections between

international migration and institutional quality have been recognized as a novel research agenda, documented by a growing number of empirical studies in recent years. However, international migration is characterized by heterogeneous composition of migrant stocks, its disproportional distribution across regions and countries, and multi-faceted patterns in terms of multiple moves during a migratory life course. Therefore, this is also a challenging research agenda that urgently needs more theory-guided empirical studies (Rüland et al., 2009).

The extant literature on institutions as determinants of migration decisions is limited to emigration as a single move. Nevertheless, migration is a dynamic phenomenon, and the temporariness of international migration has been observed around the world. The OECD (2008) estimated that roughly 20 to 50 per cent of long-term immigrants left the host country within five years after arrival, either to return home or to move to a different country; and the OECD (2017) recognized increasing temporary migration as a main migration trend in OECD countries. Various patterns, such as onward, circular, multiple, and transit migration, have been evolving as integral parts of the emergent trend. Researchers have been inspired to conduct empirical studies on the causes and consequences of these contemporary migration patterns and to suggest policy implications for both home and host countries to govern migration flows for development. So far, the efforts put into examining the role of institutional quality in onward migration patterns, and in particular return migration, have been hampered by the unavailability of appropriate data. Moreover, the temporariness of migration decisions marks a distinction between permanent and temporary migrants in terms of their motivations, and thereby triggers heterogeneity in migrants' behaviour and choices (Dustmann and Görlach, 2016). Hence, the growing extent of temporary

migration also necessitates further research into the impacts of international migrants on home-country institutions. However, the temporariness of migration has not been, to date, taken into account when establishing the institutional effects of international migrants on their home countries.

1.2 Objectives and Research Questions

The central objective of this thesis is to empirically examine the two-way relationship between international migration and institutional quality at the country and cross-country levels. Being inspired by the salience of institutional quality to migration decisions and the urgent need for empirical evidence that explains onward migration patterns, this thesis investigates the role of institutional quality in return migration decisions and return migration intentions. Being motivated by the necessity of elaborating the potential impact of temporary migration on institutional quality in home countries, this thesis also estimates the development effects of international migration on home-country institutional quality at the cross-country level, while taking into account the temporariness of migration. Furthermore, given that institutional quality is salient to migration decisions, this thesis also pioneers in quantifying the monetary value of migrants' intensity of preference for institutional quality improvement in their home country.

Return migration is a type of migration pattern where migrants move back to their home countries. Two types of return migrants can be distinguished: forced, and voluntary. Forced returnees include migrants who have been denied further stay in the intended destination country; voluntary returnees, by contrast, encompass migrants who have a valid right to remain in the destination country, but choose to repatriate by their own volition (World Bank, 2017). Whereas forced return migration can be challenging for both home and host countries,

voluntary return migrants are often seen as development agents who bring their leveraged human, economic, and social capital, and import new norms and practices from institutionally developed countries when they repatriate (Pérez-Armendáriz and Crow, 2010; Wahba, 2014, 2015a, 2015b; Hausmann and Nedelkoska, 2018). For many developing countries, voluntary return migration of their diasporas from developed countries has been recognized as a powerful external development factor. For that reason, extending the literature on what shapes voluntary return migration to promote repatriation for development is important, especially to developing countries characterized by large diasporas.

This thesis elucidates the role of institutional quality in return migration by focusing on Viet Nam, which has been a migrant sending country with a considerable and heterogeneous international migrant stock living worldwide. Emigration from Viet Nam has been common for a long time. The vast majority of the Vietnamese diaspora left Viet Nam during the second half of the twentieth century as a result of war, conflict and revolution. After the end of the Second World War, Viet Nam was beset with continuous wars for over thirty years. The cross-border movements of Vietnamese people in those days were characterized by the mass exodus of refugees who fled the wars and their aftermath. Since the mid-1980s, the nature of Vietnamese migration has changed due to decades of economic reforms. Recent outflows of Vietnamese migrants are socially, politically and economically driven. Nowadays, the composition of Vietnamese emigrants is mostly guest workers, students, and migrant brides. Moreover, the era of globalization, along with technological advances in transportation and communication, has made transnational mobility of people easier and cheaper than ever. Consequently, the Vietnamese diaspora keeps expanding in terms of

quantity and spatial coverage. There were roughly 2.7 million Vietnamese international migrants living worldwide in 2017 (United Nations, 2017b), and Viet Nam, which has a 2018 population of about 95 million, is in the top 25 countries in terms of the number of emigrants (Ratha et al., 2016). There has been an increase of roughly 17 per cent in the stock of Vietnamese migrants between 2010 and 2013. Notably, according to the OECD, around 1.7 million Vietnamese migrants were residing in OECD countries in 2015. Viet Nam's international migration offers an interesting case study and empirical evidence of the impact of return migration to Viet Nam is still scarce.

This thesis sheds new light on the two-way relationship between international migration and institutional quality by addressing the following five research questions. **First, does institutional quality in the home country matter for return migration decisions?** To address this question, a study was conducted to investigate the link between local institutional quality in the home country and locational choices of international return migrants. Using secondary data on locational choices of Vietnamese returnees to regions of Viet Nam in 2014, this study examines the impacts of institutional quality of regional destinations in Viet Nam on the locational choices of Vietnamese migrants when registering for permanent residency back in Viet Nam. Binary and multinomial analyses reveal that both individual-specific and region-specific variables are significantly related to these migration decisions. This study enriches the literature by showing that home-country institutional quality at the local level has a statistically significant role in the decisions of return migrants, and also by illustrating the norm spill-over effect in these decisions, i.e. variation in host-country institutional quality also matters for the return migrants' locational choices upon return in their home country.

Second, does institutional quality in the home country matter for return migration intentions? To answer this research question, an empirical study was undertaken to investigate the importance of institutional quality in the home country to the return migration intentions of international migrants. This study blends institutional quality as a significant macro-level factor that drives migration decisions with the micro-level factors identified in the integration and transnationalism theoretical framework explaining the determinants of return intentions. Based on survey data of Vietnamese migrants living in OECD countries collected in 2016,[1] logistic regression results suggest that the perception of institutional quality in Viet Nam *does* matter for Vietnamese migrants' willingness to repatriate. In other words, those migrants who attach greater importance to institutional quality in Viet Nam are less likely to intend to return than other Vietnamese migrants.

Third, given the findings of the two preceding studies that institutional quality in the home country is important to migrants when they considering or deciding repatriation, what are migrants willing to pay for better home country institutions? A study applying the contingent valuation method to the return migration channel was designed to estimate the compensating variation, which is the most Vietnamese migrants living in New Zealand would be willing to pay for an improvement in institutional quality in Viet Nam.[2] The contingent valuation method is a survey technique that helps to reveal the economic trade-off a person would make concerning the value of non-marketed goods or services

[1] This study was granted Ethical Approval for Research by the Waikato Management School Ethics Committee. A copy of the Ethical Approval and the questionnaire for Vietnamese migrants living in OECD countries are attached in the Thesis Appendix.
[2] This study was granted Ethical Approval for Research by the Waikato Management School Ethics Committee. A copy of the Ethical Approval and the questionnaire for Vietnamese migrants living in New Zealand are attached in the Thesis Appendix.

(Carson, 2012; Kling et al., 2012). Institutions in essence are intangible and only observable indirectly. Due to an increased recognition of the importance of institutions to national economic performance and individual decisions, in particular migration, researchers have developed numerous measures, either as a single index or as a set of indicators, to quantify the quality of institutions. Nonetheless, attempts to measure the monetary value of institutional quality are still absent. Based on compensating differentials, the willingness to pay for, or the implicit monetary value of, an improvement in institutional quality in Viet Nam is estimated. The estimated willingness to pay is, on average, NZD 79.80 per week (approximately 33 per cent of the average weekly wage in Viet Nam for the same period) for a one-unit improvement in institutional quality in Viet Nam, benchmarked against institutional quality in New Zealand as per the respondents' perception of the institutional quality gap between the two countries. The estimated willingness to pay is positively associated with the respondents' age and the importance that they place on institutional quality in Viet Nam when considering repatriation.

Fourth, does international migration to developed host countries have a positive impact on institutional quality in home countries? To answer this question, a study using panel data was carried out to identify the relationship between institutional quality in home countries, measured as different indices, and immigrant stocks living in selected OECD countries. Immigrant stocks calculated from the Database on Immigrants in OECD Countries (DIOC) are used to measure the size of international migration to developed countries. The results of cross-sectional and panel analyses, using an instrumental variable to deal with the endogenous migration variable, attest to the positive impact of international

migration on institutional quality in home countries. This finding supports the argument that international migrants are agents of transnational norm diffusion. Since the norm-diffusion effects of international migration are more likely to be contingent on variations in host-country institutional quality, this study also attempts to test this hypothesis by means of two strategies. The first strategy develops a modified measure of the immigrant stocks, which is quality-weighted by the institutional quality of the selected OECD host countries, and then compares the institutional effect size of the simple immigrant stock measure with that of the modified one. The second strategy establishes two sub-samples: (1) immigrant stocks living in higher-institutional-quality countries; and (2) those living in lower-institutional-quality countries. The institutional effect sizes of the immigrant stocks related to the sub-samples are then compared. The second strategy provides evidence that having international migration to higher-institutional-quality host countries has a stronger impact on home-country institutional quality.

Fifth and finally, does the impact of international migration on institutional quality in home countries differ by migrants' duration-of-stay in host countries? This research question addresses the concern about the heterogeneity in the home-country institutional effect of international migration caused by the distinction between temporary and permanent migration. Temporary migrants are more likely to have a shorter duration-of-stay in host countries, and those migrants with shorter duration-of-stay are more likely to maintain stronger links with their home countries. Consequently, immigrant stocks characterized by a shorter duration-of-stay might be expected to have a stronger impact on institutional quality in home countries than immigrant stocks

with longer durations-of-stay. The study examining the causal relationship of international migration on home-country institutional quality tests this hypothesis to answer the fifth and final question. By contrasting the institutional effect of immigrant stocks characterized by shorter duration-of-stay with that of immigrant stocks characterized by longer duration-of-stay, the study finds that immigrant stocks with shorter duration-of-stay demonstrate a stronger norm diffusion effect.

1.3 Significance of the Thesis

This thesis is a compilation of four interrelated studies endeavouring to shed new light on various aspects of the two-way relationship between international migration and institutional quality, in particular home-country institutions. Each study looks at a specific aspect of the two-way relationship of interest in light of the global surge of temporary migration. Although temporary migration has gained increased attention, this rapidly growing phenomenon has been understudied. Therefore, this thesis is timely and significant in several ways.

First, this thesis extends investigation of the role of institutions in migration to the most important type of onward migration, i.e. return migration. While empirical evidence for the role of institutions in return migration is limited, this thesis provides novel studies pinpointing that home-country institutional quality does matter for the decisions of return migrants and the repatriation intentions of international migrants. Good institutions act as pull factors attracting return migrants, while weak institutions act as push factors for migration and thereby also discourage repatriation. These findings point to the importance of home country governments working towards greater institutional quality, if they wish to encourage a larger number of diaspora to return home.

Second, this thesis further illustrates the norm diffusion effects of international migration through the return and diaspora channels. With respect to the return channel, the novelty of the thesis arises by showing that the norm diffusion effects are reflected in the locational choices of return migrants upon returning to the home country, reinforcing previous evidence on the norm diffusion effects that has been found in the voting behaviour of returnees (e.g. Batista and Vicente, 2011). In particular, return migrants from institutionally developed host countries are more likely choose a destination with better local institutional quality in the home country. In regard to the diaspora channel, the novelty comes from blending the norm spill-over effects revealed from the locational choices of return migrants with the test for the norm diffusion effects of international migrants living in developed host countries on institutional quality in home countries. The attempt to account for the distribution of migrants in host countries characterized by varied institutional quality in estimating the causal relationship of international migration on home-country institutions is an extension to the extant literature.

Third, this thesis also investigates the transmission of host-country institutional values to home countries in view of the argument that permanent and temporary migrants are different in terms of motivations, behaviours, and choices. Given that temporary migrants are characterized by shorter duration-of-stay and that duration-of-stay is plausibly an indicator of the strength of interaction with home countries, this thesis is among the first studies considering the duration-of-stay of migrants in host countries in assessing the intensity of norm diffusion effects through the diaspora channel. Theoretically, whether migrants with shorter duration-of-stay or those with longer duration-of-stay have stronger institutional

transmission effects is contested. Based on the argument of assimilation theorists that deep integration in destination countries blurs homeland ties, migrants with longer duration-of-stay would be expected to be less able to transmit host-country norms and practice to home countries, whereas those with shorter duration-of-stay would be more able to do so through their strong homeland linkages. However, transnationalism and social network theorists argue that integration depth consolidates homeland linkages. Accordingly, migrants with shorter duration-of-stay who are less embedded in destination countries would be less able to generate the transmission effects. Consequently, the difference in transmission effects between temporary and permanent migrants is an empirical matter. This thesis provides novel evidence that migrants with shorter duration-of-stay have stronger institutional transmission effects. This finding is interesting in the contemporary context of surging temporary migration, and helpful to policy makers of both home and host countries in designing migration-guiding policies for development.

Fourth, this thesis endeavours to undertake an unprecedented exercise to measure the monetary value of institutional quality by means of the contingent valuation method. The novelty not only comes from the pioneering idea of quantifying institutional quality in units of money, rather than as conventional indices, but also from the initiative of applying the contingent valuation method to measure international migrants' intensity of preference for institutional quality, given that the quality of institutions is important to their migration decisions. These efforts per se are not just to come up with a number, but creatively underscore the importance of institutions to migrants by showing that migrants are willing to trade-off part of their regular income for better institutional quality back home. Furthermore, these efforts provide practitioners of the contingent valuation method

with evidence of the potential for widening the scope of contingent valuation method applications.

Fifth and finally, this thesis introduces interesting case studies unfolding aspects of return migration in Viet Nam, a topic which has been left rather untouched so far. These studies are expected to trigger further scholarly and policy attention to migration in Viet Nam. More importantly, the significant findings based on return migration in Viet Nam emphasize the indispensability of institutional reforms to attract external development factors and nurture a favourable context for the contribution of these factors.

1.4 Thesis Outline

The remainder of this thesis is organized as follows. Chapter 2 provides a comprehensive review of the importance of political and economic institutions to the migration decisions of international migrants. The chapter begins by synthesising the main definitions and typologies of institutions and describing various measures of institutional quality conventionally used in studies of migration. This is followed by two sections successively discussing the theoretical and empirical literature on institutions as determinants of international migration. This review documents that political and economic institutions are significant push and pull factors that shape the migration decisions of international migrants.

Chapters 3, 4, and 5 follow to further illustrate and shed fresh light on key aspects of the strands of literature reviewed in Chapter 2. Chapter 3 examines the role of local institutional quality in the home country as a pull factor affecting the locational choices of Vietnamese return migrants. Chapter 4 extends the investigation of the role of institutional quality in migration to the return intentions of international migrants with an empirical analysis of the return

intentions of Vietnamese migrants living in OECD countries. Chapter 5 measures the willingness to pay for an improvement in institutional quality in Viet Nam, elicited by the contingent valuation method based on survey data of Vietnamese migrants living in New Zealand.

Chapter 6 identifies the influence of immigrant stocks in OECD countries on institutional quality in home countries. The chapter begins with a succinct review on the extant literature establishing the causal relationship between international migration and institutional quality in countries of origin. The main empirical studies at the micro and macro levels are highlighted to illustrate key aspects of this strand of literature. Cross-sectional and panel analyses follow to assess the diffusion of advanced institutions from developed host countries to home countries through the international migration channel.

Chapter 7 is devoted to retrospect and prospect. This chapter summarizes the key findings and contributions of the thesis, and concludes with a discussion of the implications for policy makers and prospective avenues for future research.

References

Acemoglu, D., Johnson, S., & Robinson, J. A. (2005). Institutions As a Fundamental Cause of Long-Run Growth. In *Handbook of Economic Growth* (Vol. 1A, pp. 386–464). Elsevier B.V.

Acemoglu, D., & Robinson, J. A. (2012). *Why nations fail: The origins of power, prosperity and poverty* (1st ed.). New York: Crown Publishers.

Ammassari, S. (2004). From nation-building to entrepreneurship: the impact of élite return migrants in Côte d'Ivoire and Ghana. *Population, Space and Place, 10*(2), 133–154.

Ariu, A., Docquier, F., & Squicciarini, M. P. (2016). Governance quality and net migration flows. *Regional Science and Urban Economics, 60*, 238–248.

Ashby, N. J. (2010). Freedom and International Migration. *Southern Economic Journal, 77*(1), 49–62.

Barsbai, T., Rapoport, H., Steinmayr, A., & Trebesch, C. (2017). The Effect of Labor Migration on the Diffusion of Democracy: Evidence from a Former Soviet Republic. *American Economic Journal: Applied Economics, 9*(3), 36–69.

Batista, C., & Vicente, P. C. (2011). Do Migrants Improve Governance at Home? Evidence from a Voting Experiment. *The World Bank Economic Review, 25*(1), 77–104.

Baudassé, T., Bazillier, R., & Issifou, I. (2018). Migration and Institutions: Exit and Voice (from Abroad)? *Journal of Economic Surveys, 32*(3), 727–766.

Becker, S. O. (2016). Using instrumental variables to establish causality. *IZA World of Labor: 250*. https://doi.org/doi: 10.15185/izawol.250

Beine, M., & Sekkat, K. (2013). Skilled migration and the transfer of institutional norms. *IZA Journal of Migration*, *2*(1), 1–19.

Bertocchi, G., & Strozzi, C. (2008). International migration and the role of institutions. *Public Choice*, *137*, 81–102.

Bodvarsson, Ö. B., Simpson, N. B., & Sparber, C. (2015). Migration Theory. In B. R. Chiswick & P. W. Miller (Eds.), *Handbook of the Economics of International Migration* (Vol. 1A, pp. 3–51). North-Holland.

Bodvarsson, Ö. B., & Van den Berg, H. (2013). *The Economics of Immigration: Theory and Policy* (2nd ed.). New York: Springer.

Borjas, G. J. (1989). Economic Theory and International Migration. *International Migration Review*, *23*(3), 457–485.

Brunow, S., Nijkamp, P., & Poot, J. (2015). The impact of international migration on economic growth in the global migration. In B. R. Chiswick & P. W. Miller (Eds.), *Handbook of the Economics of International Migration* (Vol. 1B The Impact and Regional Studies, pp. 1027–1075). North-Holland: Elsevier B.V.

Carson, R. T. (2012). Contingent Valuation: A Practical Alternative when Prices Aren't Available. *The Journal of Economic Perspectives*, *26*(4), 27–42.

Chauvet, L., & Mercier, M. (2014). Do return migrants transfer political norms to their origin country? Evidence from Mali. *Journal of Comparative Economics*, *42*(3), 630–651.

Chiswick, B. R., & Miller, P. W. (Eds.). (2015). *Handbook of the Economics of International Migration* (Vol. 1B-The Impact and Regional Studies). North-Holland.

Conley, T. G., Hansen, C. B., & Rossi, P. E. (2012). Plausibly Exogenous. *Review of Economics and Statistics*, *94*(1), 260–272.

Cooray, A., & Schneider, F. (2016). Does corruption promote emigration? An empirical examination. *Journal of Population Economics*, *29*(1), 293–310.

de Haas, H. (2010). Migration and Development: A Theoretical Perspective. *International Migration Review*, *44*(1), 227–264.

Docquier, F., Lodigiani, E., Rapoport, H., & Schiff, M. (2016). Emigration and democracy. *Journal of Development Economics*, *120*, 209–223.

Docquier, F., & Rapoport, H. (2012). Globalization, Brain Drain, and Development. *Journal of Economic Literature*, *50*(3), 681–730.

Dustmann, C., & Görlach, J.-S. (2016). The Economics of Temporary Migrations. *Journal of Economic Literature*, *54*(1), 98–136.

Gamlen, A. (2014). The new migration-and-development pessimism. *Progress in Human Geography*, *38*(4), 581–597.

Hatton, T. J., & Williamson, J. G. (2011). Are Third World Emigration Forces Abating? *World Development*, *39*(1), 20–32.

Hausmann, R., & Nedelkoska, L. (2018). Welcome home in a crisis: Effects of return migration on the non-migrants' wages and employment. *European Economic Review*, *101*, 101–132.

Kapur, D., & McHale, J. (2005). *Give Us Your Best and Brightest: The Global Hunt for Talent and Its Impact on the Developing World*. Washington, D.C: Center for Global Development.

Kapur, D., & McHale, J. (2012). Economic Effects of Emigration on Sending Countries. In M. R. Rosenblum & D. J. Tichenor (Eds.), *The Oxford*

Handbook of the Politics of International Migration. New York: Oxford University Press.

Karemera, D., Oguledo, V. I., & Davis, B. (2000). A gravity model analysis of international migration to North America. *Applied Economics*, *32*(13), 1745–1755.

Kling, C. L., Phaneuf, D. J., & Zhao, J. (2012). From Exxon to BP: Has Some Number Become Better than No Number? *The Journal of Economic Perspectives*, *26*(4), 3–26.

Lee, E. S. (1966). A Theory of Migration. *Demography*, *3*(1), 47–57.

Li, X., McHale, J., & Zhou, X. (2016). Does Brain Drain Lead to Institutional Gain? *The World Economy*, *40*(7), 1454–1472.

Lodigiani, E. (2016). The effect of emigration on home-country political institutions. *IZA World of Labor: 307*. https://doi.org/doi:10.15185/izawol.307

Lucas, R. E. (1988). On the Mechanics of Economic Development. *Journal of Monetary Economics*, *22*(1), 3–42.

Murray, M. P. (2006). Avoiding Invalid Instruments and Coping with Weak Instruments. *Journal of Economic Perspectives*, *20*(4), 111–132.

Nijkamp, P., Poot, J., & Sahin, M. (2012). *Migration Impact Assessment: New Horizons*. Edward Elgar Publishing.

OECD. (2008). *International Migration Outlook: SOPEMI - 2008 Edition*. France: OECD.

OECD. (2017). *International Migration Outlook 2017*. Paris: OECD Publishing.

Olesen, H. (2002). Migration, Return, and Development: An Institutional Perspective. *International Migration*, *40*(5), 125–150.

Orrenius, P. M., & Zavodny, M. (2012). Economic Effects of Migration: Receiving States. In M. R. Rosenzweig & D. J. Tichenor (Eds.), *Oxford Handbook of the Politics of International Migration*. New York: Oxford University Press.

Ozden, C., & Rapoport, H. (2018). Cross-country Perspectives on Migration and Development: Introduction. *The Economic Journal, 128*(612), F174–F178.

Pérez-Armendáriz, C., & Crow, D. (2010). Do Migrants Remit Democracy? International Migration, Political Beliefs, and Behavior in Mexico. *Comparative Political Studies*, *43*(1), 119–148.

Pfutze, T. (2012). Does migration promote democratization? Evidence from the Mexican transition. *Journal of Comparative Economics*, *40*(2), 159–175.

Ratha, D. K., Plaza, S., & Dervisevic, E. (2016). *Migration and Remittances Factbook 2016*. Washington, D.C.: World Bank Group.

Romer, P. M. (1986). Increasing Returns and Long-Run Growth. *Journal of Political Economy, 94*(5), 1002–1037.

Rowlands, D. (1999). Domestic Governance and International Migration. *World Development*, *27*(8), 1477–1491.

Rüland, J., Kessler, C., & Rother, S. (2009). Democratisation through International Migration? Explorative Thoughts on a Novel Research Agenda. *European Journal of East Asian Studies*, *8*(2), 161–179.

Spilimbergo, A. (2009). Democracy and Foreign Education. *The American Economic Review, 99*(1), 528–543.

United Nations. (2015). *Transforming Our World: The 2030 Agenda for Sustainable Development* (A/RES/70/1).

United Nations. (2017a). *International Migration Report 2017: Highlights* (ST/ESA/SER.A/404). Department of Economic and Social Affairs, Population Division.

United Nations. (2017b). *Trends in International Migrant Stock: The 2017 Revision* (POP/DB/MIG/Stock/Rev.2017). Department of Economic and Social Affairs, Population Division.

Vogler, M., & Rotte, R. (2000). The effects of development on migration: Theoretical issues and new empirical evidence. *Journal of Population Economics, 13*(3), 485–508.

Wahba, J. (2014). Return Migration and Economic Development. In *International Handbook on Migration and Economic Development* (pp. 327–349). Great Britain: Edward Elgar Publishing.

Wahba, J. (2015a). Selection, selection, selection: the impact of return migration. *Journal of Population Economics, 28*(3), 535–563.

Wahba, J. (2015b). Who benefits from return migration to developing countries? *IZA World of Labor: 123*. https://doi.org/doi: 10.15185/izawol.123

World Bank. (2017). Migration and Remittances: Recent Developments and Outlook. *Migration and Development Brief No. 28*. Washington, DC: World Bank.

Chapter 2: The Importance of Political and Economic Institutions to the Decisions of International Migrants[3]

2.1 Introduction

The global prevalence of international migration has generated a wide range of impacts, positively and negatively, on every pair of recipient and source countries. Therefore, encouraging and conducting research to understand thoroughly what shapes international migration decisions has been a key objective of researchers, policymakers, and politicians in the effort to govern migration flows to meet specific concerns of both receiving and sending countries. Economists have suggested a wide range of determinants of migration, including economic, demographic, and institutional factors. Especially, the importance of political and economic institutions has been recently underscored not only as being fundamental to economic growth and development prospects, but also as a rigorous driver of the spatial movement decisions of people.

The attention paid to the quality of institutions as a factor that matters for decisions regarding migration was already rooted in the push – pull theory of Lee (1966). However, it was not until the 2000s that the interplay between institutional quality and migration became a separate research agenda, attracting the interest of academia. In recent years, researchers have empirically shown that countries with good institutional quality may be more attractive to immigrants, i.e. the pull mechanism is at play in those countries. On the other hand, countries with bad institutions are more likely to generate incentives for emigration, i.e. the push

[3] This chapter is currently under review:
Tran, N. T. M., Cameron, M. P., & Poot, J. (forthcoming). The Importance of Political and Economic Institutions to the Decisions of International Migrants. In K. Kourtit, K. B. Newbold, P. Nijkamp, & M. Partridge (Eds.), *The Handbook on the Economic Geography of Cross-Border Migration*. Springer Verlag.

mechanism is at play in those countries. The lesson learnt from these findings is that favourable economic institutions and sound political institutions are essential for building and sustaining human resources for economic growth and development. This is important to both developed and developing countries. For developing countries, institutional reforms are clearly essential to stem brain drain and encourage return migration for development.

Although interest in this research area has been growing and the extant contributions of researchers are already helpful to formulate migration-assisted development policies, our understanding of the role of institutions in migration decisions is still limited. In the current chapter, we review the extant literature on institutions as determinants of migration decisions of international migrants and suggest some areas for future research to widen and deepen our knowledge in this research area. The remainder of this chapter is organized as follows. Section 2.2 assembles important definitions and typologies of institutions and describes different measures of institutional quality conventionally used in studies of international migration. Section 2.3 reviews the theoretical literature on institutions as determinants of international migration. Section 2.4 reviews the empirical literature on the importance of political and economic institutions to international migration decisions. Section 2.5 concludes.

2.2 Institutions – Definition, Classification, and Measurement

Economists are among scholars of a wide array of social sciences, including geography, philosophy, politics, and sociology, who integrate institutional analysis into their academic disciplines. Veblen (1919, p. 239), a founder of institutional economics, defined institutions as "*settled habits of thought common to the generality of men*". According to North (1990, p. 3), the most influential

author of the new institutional approach to economics, "*Institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction*". He also emphasized that the implications of institutions encompass political, economic and social interactions.

North (1991) classified institutions into formal rules and informal constraints. The former type includes constitutions, laws, and property rights; the latter comprises sanctions, taboos, customs, traditions, and codes of conduct. Subsequent discussions on institutions have offered distinctions between agent-sensitive and agent-insensitive institutions (Hodgson, 2006), or between coordinating devices and regulating conflicts institutions (Vatn, 2006). Rodrik and Subramanian (2003) suggested, in a study on institutional quality as a 'deep determinant' of income, four types of institutions called market-creating, market-regulating, market-stabilizing, and market-legitimizing institutions. When studying the relationship between institutions and long-run economic growth, Acemoglu et al. (2005) distinguished between economic and political institutions. Economic institutions refer to property rights and market structure, which are of significant importance to the economic performance of and resource distribution within an economy. Political institutions are made up of political constraints and political incentives, such as the form of government and the extent of constraints on politicians. Political institutions, by means of generating institutional political power, determine economic institutions. Baudassé et al. (2018) synthesized a two-level typology of institutions. The first level extends the typology of Acemoglu et al. (2005) to also include social institutions, which at the second level can be either formal or informal. The additional social institutions in this typology resemble the market-legitimizing institutions proposed by Rodrik and

Subramanian (2003), namely those that provide social protection, insurance, and redistribution.

Although the concept of institutions is of pivotal importance to the institutional approach, institutions in essence are ambiguous with respect to definition and classification, and only observable indirectly. Hence, numerous measures, either as a single index or as a set of indicators, have been developed to quantify the quality of the various types of institutions. In this section, we describe some conventional measures employed by authors who have investigated the interconnection between institutions and migration.

The quality of political institutions may be captured by the conditions of political and civil rights, political regimes, political stability, governance quality, and corruption prevalence. The conditions of political and civil rights have been assessed and reported by Freedom House in the Freedom in the World report,[4] where a country or territory is rated on two dimensions –political rights and civil liberties – by a rating running from one (the most free) to seven (the least free). Based on the average ratings of the two dimensions, Freedom House classifies each country or territory into three categories of freedom status: Free; Partly Free; or Not Free. The Polity IV Project[5] provides a database of cross-country indicators of democratic and autocratic patterns of authority and regime changes. The most commonly used variable in the database is the Revised Combined Polity Score that ranges from +10 (strongly democratic) to -10 (strongly autocratic). The Database of Political Institutions (Keefer and Stasavage, 2003) is a source of indicators that has been widely used in comparative studies on political economy and political institutions. This database covers institutional and electoral results data for roughly

[4] https://freedomhouse.org/report-types/freedom-world
[5] http://www.systemicpeace.org/inscrdata.html

180 countries. Political stability is gauged by the political risk rating available in the International Country Risk Guide (ICRG) database.[6] The ICRG assesses political stability across countries and produces a political risk rating. Risk points and weights assigned to political risk components are such that higher points representing lower risk, namely better conditions. The political risk components include government stability, socio-economic conditions, investment profile, internal conflict, external conflict, corruption, military influence in politics, religious tensions, law and order, ethnic tensions, democratic accountability, and bureaucracy quality. Governance quality is quantified by the Worldwide Governance Indicators (WGI), which was developed by Kaufmann et al. (1999) to reflect six broad dimensions of governance at the country level, namely: Voice and Accountability; Political Stability and Absence of Violence/Terrorism; Government Effectiveness; Regulatory Quality; Rule of Law; and Control of Corruption. Each indicator is measured in units of a standard normal distribution running from approximately -2.5 to 2.5, and in percentile rank terms ranging from zero to 100, with higher values corresponding to better governance. Corruption is also a proxy for the quality of political institutions and governance (see e.g. Rowlands, 1999; Ahmed, 2013). Corruption indices are available in the WGI dataset, the ICRG database, and the Corruption Perceptions Index (CPI) reports. The CPI reported by Transparency International[7] has been widely credited as a measure that reflects the views of people in a country on its level of public sector corruption. While the ICRG corruption index ranges from a scale of zero (high corruption) to six (low corruption), the CPI runs from a scale of zero (highly corrupt) to 100 (very clean).

[6] http://www.prsgroup.com/about-us/our-two-methodologies/icrg
[7] https://www.transparency.org/cpi

Economic freedom has been a conventional proxy for economic institutions. The Economic Freedom of the World index (EFW) compiled by the Fraser Institute [8] is one of the most influential and widely used measures of economic freedom. The EFW quantifies the consistency of a country's institutions and policies with economic freedom in five major areas, including size of government, legal system and security of property rights, sound money, freedom to trade internationally, and regulation. This index is placed on a scale from zero to ten, with higher scores representing a higher degree of freedom. The Index of Economic Freedom (IEF) by the Heritage Foundation[9] has been recognized as an innovative barometer of economic freedom in 186 countries. The IEF covers 12 constituent areas, which are grouped into four broad pillars: rule of law (property rights, government integrity, judicial effectiveness); government size (government spending, tax burden, fiscal health); regulatory efficiency (business freedom, labour freedom, monetary freedom); and open markets (trade freedom, investment freedom, financial freedom). Each component is graded on a scale from zero to 100, with higher scores also corresponding to a higher degree of freedom.

From the preceding, we conclude that the quality of political and economic institutions is a complex concept and that there have been many initiatives to capture the quality of institutions by means of a range of, sometimes partially overlapping, indicators. In the following section, we review why and how institutions matter for migration decisions. We also discuss the indicators of institutional quality that have been used to empirically verify the relationship between migration and institutions.

[8] https://www.fraserinstitute.org/
[9] https://www.heritage.org/index/

2.3 Theories of Institutions as Determinants of International Migration

Economic analyses of the motivations for international (and internal) migration have been mostly developed within the framework of migration as human capital investment instituted by Larry A. Sjaastad (1962). Decision makers in the classic model of Sjaastad are rational in that they act in order to maximize utility and, given that more income yields greater utility, are driven by spatial differences in wages. Although the model remains fundamental to modern economic theories of migration, it oversimplifies the migration process by focusing narrowly on pecuniary factors related to the labour market as the sole determinants of migration. Hence researchers have been refining and extending this early basic model, by incorporating *inter alia* the quality of political institutions as a predictor of migration decisions in the static human capital model of international migration. The idea of accounting for contextual factors pertaining to pairs of the origin and destination countries in explaining migration flows stems from the push – pull theory of Lee (1966). In terms of economic modelling of international migration, the role of institutions was first documented in the study of Borjas (1989), who attributed the non-random selection of immigrants to economic and political conditions.

Migration in the static human capital model is determined by exogenous wages and other factors, such as the economic costs of migration, immigration policy, self-selection, income inequality, credit and poverty constraints, unemployment, taxes and social insurance, and political institutions (see Bodvarsson et al., 2015 for a survey). To capture the effect of institutions, Hatton and Williamson (2011) included compensating differentials or non-economic costs of migration, representing the non-economic preference of a potential

migrant for the origin country. If institutional quality in the origin country is worse than that in the destination country, the compensating differential in the destination country could be negative, thereby increasing the utility of migration. Isolating the influence of wages, economic costs, and institutions, migration decisions depend on the utility gained from the after tax wage increase (purchasing power corrected) in the destination country compared with the origin country, net of economic costs of migration and preference for non-pecuniary attributes that include amenities and the quality of institutions.

In the static human capital model, potential migrants are assumed to make only one permanent migration decision. However, migration is a process, rather than a single decision, and has a temporal dimension. More specifically, migrants may repeatedly engage in re-emigration to another country or return migration to their home country. Therefore, migration is more appropriately analysed in a dynamic framework. Within the dynamic framework, researchers have suggested various individualistic motivations for return migration, which can be distinguished into four main views: (i) return as failure, i.e. a corrective move after outcomes were not as anticipated; (ii) preference for consumption in the home country, that can be satisfied by post-migration accumulated wealth; (iii) achieving savings goals in the host country and returning home to invest; and (iv) human capital accumulation in the host country (see e.g. Cassarino, 2004; OECD, 2008 for surveys). However, return migration decisions are unlikely to be exclusively driven by these individualistic motivations, independent of the contextual conditions, i.e. the social, economic, and institutional factors in the host and home countries. The structural approach to return migration emphasizes the contextual forces that act as pull and/or push factors influencing return

decisions. As argued by Cerase (1974), economic forces that push migrants to return, as well as the problems they face re-adapting to the home country, are crucial in explaining repatriation. Gmelch (1980) underscored the stronger effect of pull factors in the home country relative to push factors in the host country on return decisions. Contextual factors in the home country provide signals that allow prospective returnees to predict their post-repatriation future and such factors will therefore guide return decisions. Dustmann and Görlach (2016) accentuated the importance of home country circumstances in the economic modelling of temporary migration. They suggested that home country circumstances shape return plans, and thereby alter the behaviours of migrants in the host country. Thus, the quality of economic and political institutions, along with other circumstances in the host and home countries, can be expected to affect the migration decisions of return migrants.

2.4 Empirical Review on Institutions as Determinants of International Migration

2.4.1 Political Institutions

As discussed previously, there are various measures that can be used as proxies for political institutions. This abundance provides flexibility to researchers in choosing the measures that best fit their research objectives and conceptual framework. Bergh et al. (2015) and Ariu et al. (2016) employed various indicators of governance to capture the quality of political institutions. Bergh et al. (2015) argued that institutional quality, rather than income levels, is the appropriate proxy for push and pull factors influencing migration. To support their argument, they fitted a gravity model where the dependent variable was the bilateral migration flows between 192 country pairs for the period 1990-2010, and the

independent variables of interest were the six governance indicators from the WGI dataset. Their analysis revealed that institutional quality in the home country, conditional on poverty levels, affects migration as a push factor. Notably, for most of the WGI dimensions, the push effect of bad institutions in the home country is greater than the pull effect of good institutions in the host country.

Ariu et al. (2016) studied the effect of governance in both the home and host countries on the net and gross flows of migrants by education levels, in 195 countries observed between 1999 and 2000. In their study, governance was indexed by the six individual WGI dimensions and by the standardized first principal component generated from Principal Component Analysis of the six dimensions. Net flows of migrants were simply the differences between inflows and outflows. Their random utility model analysis showed that better governance had a significant positive influence on the net flows of high-skilled migrants. To identify the push and/or pull effects, the authors examined the impact of governance in the sending and receiving countries on the gross flows of migrants separately, and found that the push and pull effects were simultaneously at play. High-skilled migrants were more likely to be steered away from countries with worse governance and pulled towards those with better governance. However, with respect to low-skilled migrants, while the push effect still matters for them, the pull effect was statistically insignificant. This finding is consistent with the main findings of Bergh et al. (2015).

Instead of looking at all the dimensions of governance, some researchers have been specifically interested in corruption as a strong signal of defective governance, or more generally of bad political institutions in home countries. Although researchers have suggested different insights into the link between

corruption and migration, they have generally agree that corruption is a push factor that lowers the net present value of living in the home country relative to the host country. Rowlands (1999) argued that governance affects migration directly by facilitating or restricting the ability to emigrate through administrative formalities, and indirectly by altering the incentives to leave. His 1990 cross-sectional analysis examined the emigration rate from 58 low and middle-income countries to a range of wealthier countries. He employed the corruption index that originated from the ICRG database as a narrow measure of governance, and the civil rights index by Freedom House to represent a wider concept of governance. These indices were included in the cross-sectional regressions, separately and simultaneously. The estimations using the ordinary least squares (OLS) estimator suggested that corruption had a significantly negative influence on emigration. This may seem surprising, but the estimated net effect is dependent on the relative strength of the direct and indirect effects. When corruption is a prevalent problem, the direct effect that restricts emigration outweighs the indirect effect that encourages exit. As a result, the emigration rate increases in association with improvement in governance. This result was robust to the inclusion of the civil rights index. However, in both cases the relationship between the emigration rate and institutional quality was nonlinear.

Dimant et al. (2013) argued that corruption tends to erode the returns to education by decelerating economic growth, aggravating unemployment, deepening inequality, and hindering social advancement. They hypothesized that corruption is a strong push factor that particularly matters for skilled migrants. They tested their hypothesis by examining the impact of corruption, measured by the corruption index from the ICRG database, on the migration rate for 111

countries between 1985 and 2000. They found that corruption had a significantly positive effect on skilled migration, and the effect was robust to the choice between the pooled OLS and fixed-effects estimators. According to Poprawe (2015), corruption is a push factor of migration because it is associated with worsening economic conditions, spreading insecurity, and lowering quality of life. Their results, estimated from a gravity equation using a dataset of bilateral migration stocks for 230 countries in 2000, suggested that corruption, primarily measured by the CPI, encouraged emigration and discouraged immigration. These results remained robust to alternative measures of corruption. Cooray and Schneider (2016) investigated a dataset on emigration rates covering 20 OECD host countries by 115 home countries between 1995 and 2000. Their panel analysis established that corruption, measured by the CPI or the indices from the WGI dataset and the ICRG database, was associated with higher levels of emigration. While the effect was linear for highly educated migrants, the emigration rate of individuals with medium and low levels of education increased when corruption was less of a problem and started to decrease beyond a threshold.

Other papers underline the importance of political and civil rights, political regimes, and political stability in migration decisions. Solimano (2005) regressed the net migration rate of Argentina for the whole twentieth century on the democratic and autocratic patterns of authority in receiving countries. The regression results provided evidence that migrants are not attracted to host countries with totalitarian regimes. Bertocchi and Strozzi (2008) studied the determinants of the immigration rate in 14 developed countries for the 1870-1910 period, with special attention paid to the role of the political environment, i.e. political institutions and migration policies. To gauge the quality of political

institutions, they used two indicators, including the index of democracy from the Polity IV database and the index of suffrage, measured as the fraction of registered voters in the total population. The coefficients associated with these indices were both significantly positive, revealing that better quality of political institutions acts as a pull factor.

Hatton and Williamson (2011) estimated the impact of political institutions in the source country on the emigration rate to the United States from 62 source countries in the 1970s. They employed the indicators by Freedom House, and the authoritarian index and years of political transition from the Polity IV database, to capture the quality of political institutions and political stability. Two out of these three proxies had statistically significant effects. Countries with a higher degree of freedom in terms of civil rights had less emigration. Political transitions, i.e. less political stability, encouraged emigration. Dutta and Roy (2011) asked whether political stability, indexed by different political risk indicators from the ICRG database, matters for migration. Using the dataset on the emigration rate for skilled workers from 118 home countries to six OECD countries between 1895 and 2003, they found that political instability exerted a push effect on the skilled labour force. More specifically, greater political risk, reflected by worsening government stability, socioeconomic conditions, investment profile, democratic accountability, internal conflict, and ethnic tensions, increases emigration.

Finally, Karemera et al. (2000) and Vogler and Rotte (2000) are two studies that used the political rights and the civil liberties indices by Freedom House as their preferred measures of political institutions. The former studied the role of domestic political, economic, and social factors on the propensity to migrate to Canada and the United States from 70 home countries during from the period

1976 to 1986. The latter investigated migration to Germany from 86 Asian and African countries from 1981 to 1995. Both studies concluded that restricted freedom in the home country hinders migration, or putting it differently, more freedom facilitates migration.

2.4.2 Economic Institutions

A smaller number of papers have focused on the role that *economic* institutions play in guiding migration. Melkumian (2009) developed a gravity model to include contextual characteristics of pairs of source and destination countries, with special focus given to economic freedom in the source country. The IEF was used to gauge the degree of economic freedom. The empirical results, based on a balanced panel of data on stocks of the foreign-born in the United States from 101 source countries from 1996 to 2000, showed that the lower the degree of economic freedom in the source country, the higher the migration to the United States. Accordingly, they concluded that bad economic institutions in the source country play a role as push factors for international migration.

Ashby (2010) and Nejad and Young (2016) considered both economic and political institutions. These authors used the EFW index to measure economic institutions. In the former study, political institutions were indexed by the average of the political rights and civil rights scores from Freedom House, whereas the latter employed the index from the Polity IV database and the checks and balances from the Database of Political Institutions. Both studies concluded that increases in relative economic freedom were appealing to migrants, with relative economic freedom defined as a ratio of economic freedom in each pair of source and destination countries. While the effect of economic institutions was robust, the effect of political institutions was more mixed. Using migration stocks across 58

countries in 2005, Ashby (2010) found that political freedom was only significantly positive when economic freedom and income were excluded from the specification. Surprisingly, the effect of political freedom became significantly negative when he analysed the panel data of migration flows to OECD countries from 58 countries of origin between 2001 and 2006. Based on a larger sample of net migration flows to OECD and non-OECD countries over the 1990–2000 period, Nejad and Young (2016) also found that the significant impact of political freedom was not robust once economic freedom was controlled for.

2.5 Conclusions

The gap in institutional quality between countries is substantial and mostly persistent. It diverts migration flows departing from countries with weak institutions toward countries with favourable economic institutions and stable political institutions. In other words, economic and political institutions are significant push and pull factors that shape the migration decisions of international migrants. Principally, good institutions are attractive to immigrants; bad institutions, especially corruption, increase the incentives to emigrate when allowed to do so. Contributions of scholars in this area suggest an important policy implication that institutional improvement is an effective tool for the governance of migration flows to assist economic growth and development. Enhancing institutional quality is particularly important in developing countries, where institutions are presently still inadequate, because it may prevent further brain drain and encourage return migration for development.

Moreover, conclusions on the role of institutions in migration decisions have to date mostly been drawn from investigating legal migration. Therefore, it is not surprising that the significant effect of political institutions is empirically less

robust than that of economic institutions when simultaneously accounting for the two types of institutions. We expect that the role of political institutions might be underestimated when irregular migrants and asylum seekers are ignored. Future work should account for undocumented migration to unfold further the potentially important role of political institutions.

References

Acemoglu, D., Johnson, S., & Robinson, J. A. (2005). Institutions As a Fundamental Cause of Long-Run Growth. In *Handbook of Economic Growth* (Vol. 1A, pp. 386–464). Elsevier B.V.

Ahmed, F. Z. (2013). Remittances Deteriorate Governance. *Review of Economics and Statistics*, *95*(4), 1166–1182.

Ariu, A., Docquier, F., & Squicciarini, M. P. (2016). Governance quality and net migration flows. *Regional Science and Urban Economics*, *60*, 238–248.

Ashby, N. J. (2010). Freedom and International Migration. *Southern Economic Journal*, *77*(1), 49–62.

Baudassé, T., Bazillier, R., & Issifou, I. (2018). Migration and Institutions: Exit and Voice (from Abroad)? *Journal of Economic Surveys, 32*(3), 727-766.

Bergh, A., Mirkina, I., & Nilsson, T. (2015). Pushed by Poverty or by Institutions? Determinants of Global Migration Flows. *IFN Working Paper No. 1077*. SSRN. Retrieved from https://papers.ssrn.com/abstract=2649889

Bertocchi, G., & Strozzi, C. (2008). International migration and the role of institutions. *Public Choice*, *137*, 81–102.

Bodvarsson, Ö. B., Simpson, N. B., & Sparber, C. (2015). Migration Theory. In B. R. Chiswick & P. W. Miller (Eds.), *Handbook of the Economics of International Migration* (Vol. 1A, pp. 3–51). North-Holland.

Borjas, G. J. (1989). Economic Theory and International Migration. *International Migration Review*, *23*(3), 457–485.

Cassarino, J.-P. (2004). Theorising Return Migration: The Conceptual Approach to Return Migrants Revisited. *International Journal on Multicultural Societies*, *6*(2), 253–279.

Cerase, F. P. (1974). Expectations and Reality: A Case Study of Return Migration from the United States to Southern Italy. *International Migration Review*, *8*(2), 245–262.

Cooray, A., & Schneider, F. (2016). Does corruption promote emigration? An empirical examination. *Journal of Population Economics*, *29*(1), 293–310.

Dimant, E., Krieger, T., & Meierrieks, D. (2013). The effect of corruption on migration,1985–2000. *Applied Economics Letters*, *20*(13), 1270–1274.

Dustmann, C., & Görlach, J.-S. (2016). The Economics of Temporary Migrations. *Journal of Economic Literature*, *54*(1), 98–136.

Dutta, N., & Roy, S. (2011). Do Potential Skilled Emigrants Care about Political Stability at Home? *Review of Development Economics*, *15*(3), 442–457.

Gmelch, G. (1980). Return Migration. *Annual Review of Anthropology*, *9*, 135–159.

Hatton, T. J., & Williamson, J. G. (2011). Are Third World Emigration Forces Abating? *World Development*, *39*(1), 20–32.

Hodgson, G. M. (2006). What Are Institutions? *Journal of Economic Issues*, *40*(1), 1–25.

Karemera, D., Oguledo, V. I., & Davis, B. (2000). A gravity model analysis of international migration to North America. *Applied Economics*, *32*(13), 1745–1755.

Kaufmann, D., Kraay, A., & Zoido-Lobatón, P. (1999). Governance Matters. *Policy Research Working Paper*. The World Bank.

Keefer, P., & Stasavage, D. (2003). The Limits of Delegation: Veto Players, Central Bank Independence, and the Credibility of Monetary Policy. *American Political Science Review*, *97*(3), 407–423.

Lee, E. S. (1966). A Theory of Migration. *Demography*, *3*(1), 47–57.

Melkumian, A. V. (2009). A Gravity Model of Legal Migration Into the United States. *Journal of Economic Development & Business Policy*, *2*(1), 1–18.

Nejad, M. N., & Young, A. T. (2016). Want freedom, will travel: Emigrant self-selection according to institutional quality. *European Journal of Political Economy*, *45*, 71–84.

North, D. C. (1990). *Institutions, institutional change, and economic performance*. Cambridge; New York: Cambridge University Press.

North, D. C. (1991). Institutions. *Journal of Economic Perspectives*, *5*(1), 97–112.

OECD. (2008). *International Migration Outlook: SOPEMI - 2008 Edition*. France: OECD.

Poprawe, M. (2015). On the relationship between corruption and migration: empirical evidence from a gravity model of migration. *Public Choice*, *163*(3–4), 337–354.

Rodrik, D., & Subramanian, A. (2003). The primacy of institutions. *Finance and Development*, *40*(2), 31–34.

Rowlands, D. (1999). Domestic Governance and International Migration. *World Development*, *27*(8), 1477–1491.

Sjaastad, L. A. (1962). The Costs and Returns of Human Migration. *The Journal of Political Economy*, *70*(50), 80–93.

Solimano, A. (2005). Development cycles, political regimes and international migration: Argentina in the twentieth century. In *Poverty, International Migration and Asylum* (pp. 251–275). London: Palgrave Macmillan UK.

Vatn, A. (2006). Institutions. In *Internet Encyclopaedia of Ecological Economics*. International Society for Ecological Economics.

Veblen, T. (1919). *The place of science in modern civilisation and other essays*. New York: B. W. Huebsch.

Vogler, M., & Rotte, R. (2000). The effects of development on migration: Theoretical issues and new empirical evidence. *Journal of Population Economics*, *13*(3), 485–508.

Chapter 3: Local Institutional Quality and Return Migration: Evidence from Viet Nam[10]

3.1 Introduction

Migration is a complex and often repeated process. During an international migrant's life course, there can be re-migration to another destination country or return migration to the country of birth, and migration sequences can be repeated several times (OECD, 2008).[11] The movement of emigrants back to their home countries can be either temporary or permanent but return migration typically refers to migrants who return home to settle permanently.

The quality of political, economic, and other institutions is recognized as one of the many determinants of migration decisions (Borjas, 1989; Rowlands, 1999; Karemera et al., 2000; Vogler and Rotte, 2000; Bertocchi and Strozzi, 2008; Ashby, 2010; Hatton and Williamson, 2011; Ariu et al., 2016; Cooray and Schneider, 2016). On the other hand, there is also evidence of potential impacts of international migration on the institutional quality of the home country (Ammassari, 2004; Spilimbergo, 2009; Batista and Vicente, 2011; Pfutze, 2012; Beine and Sekkat, 2013; Chauvet and Mercier, 2014; Docquier et al., 2016; Li et al., 2016; Barsbai et al., 2017).

Despite its potential importance, the role of institutional quality in return migration has not been properly assessed at the level of individual migrants' decisions. Work done so far in this research domain has been mostly at the macro level, which provides average generalized results across countries. However, when

[10] This chapter is published as:
Tran, N. T. M., Cameron, M. P., & Poot, J. (2018). Local Institutional Quality and Return Migration: Evidence from Viet Nam. *International Migration*. https://doi.org/10.1111/imig.12451

[11] The host country and the home country are interpreted from the viewpoint of a migrant who is making a return decision. The host country is where a return migrant comes from. The home country is where a return migrant goes to, and is also the country where they were born.

making migration decisions, migrants must also consider specific locations at which to reside in the chosen destination country, and take local conditions into account. Hence, the question arises whether local institutional quality in the home country affects locational choices of return migrants. In the extant literature, evidence that addresses this question is limited. Although regional or provincial indicators of institutional quality are available in many countries, these have been under-utilized in analysing migration decisions. In this article, we therefore endeavour to enrich the migration literature by investigating the role of local institutional quality in migration decisions, specifically in the case of return migration.

In net migration terms, Viet Nam is a sending country that offers a case study of particular interest given its considerable international migrant stock living worldwide and the heterogeneous composition of emigration flows. According to the Ministry of Foreign Affairs of Viet Nam (2012), there were roughly 4 million Vietnamese migrants and their descendants living in more than 100 host countries in 2012.[12] However, empirical evidence on return migration to Viet Nam is still sparse. To the best of our knowledge, there has been no previous analysis that sheds light on the sub-national locational choice decisions of Vietnamese return migrants. Therefore, our article provides the first empirical evidence of the linkage between local institutional quality in the home country and the locational choices of Vietnamese return migrants. In the extant literature, good institutional quality is known as a 'pull' factor for migration (Bertocchi and Strozzi, 2008; Poprawe, 2015; Ariu et al., 2016; Nejad and Young, 2016) and our findings derived from a Conditional Logit Model are consistent with the *a priori* perception of the attractor role of institutional quality in migration decisions. We

[12] A brief review of the history of Viet Nam's international migration experience is available in https://ideas.repec.org/p/wai/econwp/17-10.html.

find that regions with better local institutional quality are indeed more likely to attract return migrants.

Naturally, migrants are heterogeneous in terms of their demographic attributes, education level, income, motivation for initial migration, duration of living abroad and migration experience, all of which might affect return migrants' locational choice in the home country. Additionally, such factors may also interact with the extent to which return migrants value institutional quality. Initially, we include age, gender and institutional quality in logistic regression models as determinants of the locational choices. We find significant evidence that older and male returnees are more likely to locate *away* from the big central city (Ho Chi Minh City).

Migrants at different stages of their life course might return to their country of birth for different purposes. Depending on the motivation to return, they might place different weights on the contextual conditions in their home country. We find that local institutional quality in the home country matters more for younger returnees, who are more likely to return for motivations other than retirement. Additionally, living abroad can expose migrants to good institutional quality in developed host countries. The process of integration may affect migrants' perceptions of good institutional quality, and this might be reflected in their expectation for the region of residency after returning to the home country. As we would expect, migration experience acquired in host countries with a high degree of freedom steers the returnees to regions characterized by relatively good institutional quality. Whereas having lived in a democratic host country has already been shown to have a positive impact on the likelihood of returnees participating in elections (Batista and Vicente, 2011; Pfutze, 2012; Chauvet and Mercier, 2014;

Barsbai et al., 2017), we show that migration experience also matters for the extent to which return migrants take institutional quality in the home country at the local level into account in their locational choices.

The remainder of this article is organized as follows. Section 3.2 reviews the role of institutions in migration decisions. Section 3.3 presents the methods used to investigate the links between local institutional quality and return migrants' locational choice. Section 3.4 describes the data. Section 3.5 reports the results of our analysis and Section 3.6 concludes.

3.2 The Salience of Institutions in Migration Decisions

The classic theoretical model of migration developed by Sjaastad (1962) mainly focuses on economic incentives as the sole determinants of migration decisions. Migration theorists have also suggested a variety of non-economic motivations for the spatial movement of people, such as amenities, kinship, migration networks, taxes, welfare, immigration policies, institutions, etc. (see e.g. Bodvarsson et al., 2015 for a recent survey). The importance of individual perceptions of contextual factors in explaining the currents of human mobility has been embodied in migration theory since the early 1960s. Initiated by the push-pull model of Lee (1966), this strand of literature examines inherent factors in receiving and sending places that might affect the volume of migration between the two places. Each place is characterized by push factors that constitute incentives to leave, pull factors that attract and retain migrants, and neutral factors. Decision makers are thought to take into account push and pull factors pertaining to pairs of places when engaging in spatial movement. In recent years, institutions have been included as major factors that act as both push and pull forces.

Douglass C. North (1991, p. 97) defined institutions as "*the humanly devised constraints that structure political, economic and social interaction. They consist of both informal constraints (sanctions, taboos, customs, traditions, and codes of conduct), and formal rules (constitutions, laws, property rights).*" Authors of the institutionalist approach have developed different typologies of institutions that are not limited to the traditional distinction between formal and informal institutions as mentioned in North's definition. Combining the typologies established by Rodrik and Subramanian (2003) and Acemoglu et al. (2005), Baudassé et al. (2018) suggested a two-level typology. The first level distinguishes between political, economic and social institutions, which at the second level can be either formal or informal.

An emerging body of literature underlines the role of institutions, with abundant empirical evidence showing that institutions of various types explain migration decisions. Since institutions are not observed, a wide range of measures have been developed to capture institutional quality. Political institutions may be measured by indices of political freedom, civil liberties, political stability, totalitarianism, or governance. Economic freedom and corruption indices are conventional proxies for economic institutions.

The extant empirical works are mostly econometric studies investigating the impacts of various institutions at the national level on migration measured as either stock or flows of migrants to explore the pull and/or push mechanism(s) at play. Better institutions in host countries appeal to immigrants (Bertocchi and Strozzi, 2008; Poprawe, 2015; Ariu et al., 2016; Nejad and Young, 2016). Worse institutions in home countries foster emigration pressure (Rowlands, 1999; Dutta and Roy, 2011; Ariu et al., 2016), but may also deter the exit possibility of

potential migrants through constraints imposed on political and civil freedoms (Karemera et al., 2000). More specifically, skilled migrants appear to be more sensitive than unskilled migrants to the prevalence of corruption, a significant push factor (Dimant et al., 2013; Cooray and Schneider, 2016). By contrast, better institutions in home countries are considered to have the opposite effect on the volume of emigration, by simultaneously reducing incentives to exit and loosening restrictions on the migration of residents (Rowlands, 1999; Vogler and Rotte, 2000).

At the local level, institutions are known for their key roles in shaping socio-economic development (Charron et al., 2014), economic performance (Rodríguez-Pose and Garcilazo, 2015), or innovative capacity (Rodríguez-Pose and Di Cataldo, 2015). A recent study by Ketterer and Rodríguez-Pose (2015), which is of relevance for the current article in terms of investigating the role of local institutional quality in migration decisions, employed a new sub-national data set of institutional quality to estimate the impact of local government quality on the regional attractiveness for migrants of 254 European regions. Their panel analysis posited that local institutional quality matters for attracting immigrants to European regions.

Institutional quality clearly matters for migration decisions, but the question of whether it matters for return migration specifically remains under-researched. The extant literature on the determinants of return migration identifies four main theories: (i) return as failure; (ii) preference for home consumption; (iii) achieving savings goals and returning to invest; and (iv) human capital accumulation (OECD, 2008). The dominant arguments of these theories that underpin the motivations for return migration centre on the success versus failure experience, which solely

embraces individual decisions of the returnees themselves without accounting for individual perceptions of contextual conditions. While there is evidence that institutions matter for emigrants, they also matter for return migrants. If individuals choose to emigrate in part because they are disappointed with the institutional quality in their home countries, an appropriate improvement in institutional quality back home may induce them to return. Furthermore, institutions in home countries are important to the re-integration process of return migrants, especially for those migrants who are at the early stages of their life course and return with capital acquired from abroad. As argued by Cerase (1974), apart from individualistic motivations for repatriation, it is crucial to understand the economic forces that push migrants to return as well as the problems they will face to re-adapt in the home country. Gmelch (1980) claimed that pull factors in home countries have more influence on return decisions than push factors in host countries. However, there has to date been insufficient research that considers the association between local institutional quality and return migration. By bridging this gap, our article not only provides a novel contribution to the literature on the link between institutional quality and migration, especially return migration, but also accentuates the salience of institutions as a driving force for international migration.

3.3 Research Method

This article examines the impacts of individual attributes of Vietnamese return migrants and characteristics of regional destinations in Viet Nam on the locational choices of Vietnamese returnees by applying binary and multinomial regression models. The locational choices of Vietnamese migrants who returned in 2014 to the south central and the south regions of Viet Nam are used as the dependent variable in our models.

First, a logistic regression model is fitted to identify the impacts of individual-specific variables on the choices of returning to Ho Chi Minh City (the largest city in Viet Nam) versus somewhere else in the south central or south of Viet Nam. In most countries, migrants are disproportionally drawn to the largest city, which tends to have the best international connectivity as well as the largest labour market. The model can be written as:

$$\frac{P_i}{1-P_i} = e^{X_i\beta} \tag{1}$$

where $\frac{P_i}{1-P_i}$ is the odds ratio in favour of choosing a destination other than Ho Chi Minh City for return migrant i, X_i is a vector of individual-specific variables (age, gender and institutional quality of the host country), and β is a vector of coefficients to be estimated. Taking the natural logarithm of Equation (1), we obtain the log odds ratio, which is a linear function of the migrant's characteristics:

$$ln\left(\frac{P_i}{1-P_i}\right) = X_i\beta \tag{2}$$

By estimating Equation (2), we aim to determine what makes a migrant choose a destination other than Ho Chi Minh City.

Second, as a robustness check, we re-examine the impacts of individual-specific variables using a Multinomial Logit Model (MLM), with locational choices based on four geographical regions – South Central Coast, Central Highlands, South East Region, and Mekong River Delta – with Ho Chi Minh City again as the "default" choice. Technically, Ho Chi Minh City is a part of the South East Region. However, more than 40 per cent of the return migrants selected Ho Chi Minh City as their destination. There is no doubt that Ho Chi Minh City should be treated as an important alternative for the returnees to choose against other regions. The MLM can be written as:

$$\pi_{ij} = \frac{e^{\gamma_j + \delta_j X_i}}{\sum_{j=1}^{5} e^{\gamma_j + \delta_j X_i}} \quad (3)$$

where π_{ij} is the probability that return migrant i chooses region j. In order to estimate the probability of choosing a particular region, Ho Chi Minh City is again chosen as the base region. The model can alternatively be expressed as the log of odds ratios for the odds of each region versus the base region:

$$ln\left(\frac{P_{ij}}{P_{i5}}\right) = \gamma_j + \delta_j X_i \quad (4)$$

Third, we fitted a Conditional Logit Model (CLM) to additionally examine the impacts of region-specific variables, including local institutional quality. We fit the CLM with the five regions defined for the MLM described above. The CLM can be written as:

$$\pi_{ij} = \frac{e^{\varphi + \omega Z_{ij}}}{\sum_{j=1}^{5} e^{\varphi + \omega Z_{ij}}} \quad (5)$$

where π_{ij} is the probability that return migrant i chooses region j and Z_{ij} contains values of region-specific independent variables (local institutional quality, population size, physical distance to Ho Chi Minh City) that determine the probability migrant i chooses destination j (as in the logistic and MLM models, the actual observation for any individual is simply "1" if a particular destination has been selected, and "0" otherwise). Local institutional quality is the key variable of interest. Additionally, population size and physical distance to Ho Chi Minh City enter the model, as suggested by the gravity model of migration. Analogous to Newton's gravitational force concept, Zipf (1946) hypothesized that the migration volume between pairs of communities is positively related to the product of the two communities' population sizes and negatively related to the distance between the origin and destination communities. The population sizes

represent the opportunities faced by potential migrants, while distance is used as a proxy for migration costs. These two variables have also been employed as key indicators of agglomeration that potentially have influence on the locational choices of decision makers (see e.g. Ciccone and Hall, 1996; De Groot et al., 2016). Zipf's idea inspired the later empirical work of other migration researchers (see e.g. Poot et al., 2016 for a recent review). As a result, the extended gravity model nowadays includes other variables representing socio-economic, political, cultural, and demographic characteristics of both the origin and destination communities (Karemera et al., 2000; Clark et al., 2007; Lewer and Van den Berg, 2008; Morettini et al., 2012; Fitzgerald et al., 2014; Cameron, 2018). Basically, migration flows between pairs of countries are inversely related to the socio-economic, political, and cultural distances between countries.

The CLM can alternatively be expressed as the log of odds ratios for the odds of region *j* versus region *k*:

$$ln\left(\frac{P_{ij}}{P_{ik}}\right) = (Z_{ij} - Z_{ik})'\omega \quad (6)$$

In this case, ω represents a vector of coefficients that demonstrates the effects of region-specific variables on the log of odds-ratios for the odds of selecting region *j* versus region *k*. Furthermore, we endeavour to demonstrate the link between individual attributes and regional characteristics through the use of two interaction terms in Equation (6), i.e. through defining $Z_{ij} = X_i Y_j$ in which X_i is a characteristic of individual i and Y_j is a characteristic of destination j. The first interaction term is between age and local institutional quality. Migrants at different states of their working lives are known to have different motivations for return and, therefore, the impacts of region-specific factors – local institutional quality in particular – in the home country on locational choices upon return are

expected to be age dependent. The second interaction term is between institutional quality in the host country and local institutional quality in the home country. This idea emerges from the gravity theory, suggesting that the migration flow from country *o* to country *d* is impaired not only by physical distance but also by socio-economic, political or cultural distance. This interaction term is employed to capture this non-physical distance. Accordingly, migrants from a host country with higher institutional quality are expected to be more likely to choose a region upon return that has higher local institutional quality. Therefore, our *a priori* expectation is that this interaction should have a positive sign.

Finally, we consider both sets of independent variables (individual-level and region-level) simultaneously by incorporating individual-specific variables in the CLM to create a Mixed Logit Model (MXL). Since the effect of age is captured in the first interaction term, we only control for gender by interacting this individual-specific variable with regional dummies excluding the base region (Ho Chi Minh City), and incorporating these interaction terms in the CLM. We use the MXL mainly as a robustness check, in terms of consistency with the results derived from other specifications.

3.4 Data

To return permanently to Viet Nam, Vietnamese migrants have to apply for permanent residency. Records of Vietnamese returnees who have been granted the right of permanent residence are kept at relevant government authorities, such as Vietnamese Diplomatic Missions, Viet Nam Immigration Department and Overseas Vietnamese Committees. Data on the locational choices of Vietnamese return migrants used in the current article were obtained from the database of Vietnamese return migrants assembled by the Overseas Vietnamese Committee of

Ho Chi Minh City. This data set records information on date of birth, gender, host country and provincial destination choices of 654 Vietnamese migrants who returned to provinces and cities in the south central and the south of Viet Nam in 2014. The availability of host country information in the data set, which is unavailable in other national data sources such as Census or the Viet Nam Household Living Standards Survey (VHLSS), allows us to analyse the role of institutional quality in the returnees' former host countries. We remove some outliers from our analysis, such as returnees whose ages were recorded as being over 100 at the time of their return. We also remove those who were under age 18, because they were unlikely to have been the decision-maker in the migration decision. This leaves a sample of 628 Vietnamese returnees. A statistical summary across regions is presented in Table 3.1. Nearly 87 per cent of the Vietnamese returnees chose Ho Chi Minh City, the rest of the South East Region, or the Mekong River Delta to reside upon return, whereas the South Central Coast and the Central Highlands attracted just 13 per cent of the returnees.

Table 3.1: Summary Statistics for Locational Choices of Vietnamese Return Migrants, 2014

Region	Age (mean)	Number of returnees	Per cent	Cum. per cent
Non-Ho Chi Minh City	61.27	356	56.69	56.69
• South Central Coast	64.72	67	10.67	10.67
• Central Highlands	69.53	15	2.39	13.06
• South East Region	59.52	61	9.71	22.77
• Mekong River Delta	60.10	213	33.92	56.69
Ho Chi Minh City	59.02	272	43.31	100.00
Total	60.30	628	100.00	100.00

Individual-specific independent variables in the data set include age, gender, and institutional quality in the host country. Age is calculated based on the reported date of birth. This variable appears in the models in natural logarithm (*lnage*). The

mean age of Vietnamese returnees in the sample at the time of their return was roughly 60 years. Gender (*gender)* is a dummy variable taking the value of one if a return migrant is male, and zero otherwise. In regards to host country institutional quality, we employ the following five indicators reported by Freedom House, the Fraser Institute, and the POLITY IV project, as alternative measures at the national level. The first indicator is the freedom status (*freedom_host)* of a country. This information is acquired from the *Freedom in the World* annual report on political rights and civil liberties by Freedom House,[13] where each country is classified into three categories: free, partly free, or not free. Freedom status enters our analysis as a dummy variable taking the value of one if a country's freedom status is "free", and zero otherwise. The next two indicators are the global political rights index (*pr_host*) and civil liberties index (*cl_host*); both also from the report published by Freedom House. In these measures, each country is rated by a score that ranges from one (the most free) to seven (the least free). This score is reverse coded for convenience in interpreting the results (with a higher value of each indicator corresponding to higher institutional quality). The fourth indicator is the Economic Freedom of the World Index (*efw_host*) calculated by the Fraser Institute.[14] This annual index is comprised of factors that make a country economically free, and is scored out of ten, with higher scores indicating a higher degree of freedom. The last indicator is the combined polity score (*polity2_host*) from the POLITY IV project, computed by subtracting the Institutionalized Democracy score from the Institutionalized Autocracy score to come up with a unified polity scale that ranges from +10 (strongly democratic) to -10 (strongly autocratic).[15] Table 3.4 in the Chapter Appendix provides summary statistics for these measures. Most of the returnees in

[13] https://freedomhouse.org/report-types/freedom-world
[14] https://www.fraserinstitute.org/economic-freedom/dataset
[15] http://www.systemicpeace.org/inscrdata.html

our sample were from developed host countries with relatively high institutional quality.

Region-specific independent variables encompass regional institutional quality, regional population, and physical distance to Ho Chi Minh City (summary statistics are provided in Table 3.5 in the Chapter Appendix). Regional institutional quality is proxied by the population-weighted average of the Provincial Competitiveness Index (PCI – labelled *pci*).[16] This index, which has been published annually since 2005 by the Viet Nam Chamber of Commerce and Industry (VCCI) with the support of the United States Agency for International Development (USAID), measures the economic governance of provincial authorities in Viet Nam in creating a favourable business environment for the private sector (Malesky, 2013). PCI is constructed as the weighted mean of ten sub-indices, including: (1) entry costs; (2) land access and security of tenure ; (3) transparency and access to information; (4) time costs and regulatory compliance; (5) informal charges; (6) policy bias; (7) proactivity of provincial leadership; (8) business support services; (9) labour and training; and (10) legal institutions. Each sub-index is built using business survey data (60 per cent) and published secondary data (40 per cent). PCI is a composite index scored out of 100, with higher scores representing a better quality of local economic institutions. Better local economic institutions might signal a positive local development future that matters for the locational choices of decision makers. Moreover, although institutions of various types have been identified as predictors of migration decisions, the significant influence of economic institutions appears to be more robust than that of political institutions (Ashby, 2010; Nejad and Young, 2016).

[16] http://orgeng.pcivietnam.vn/
Definitions of the PCI sub-indices are available in the PCI User Guide at
http://orgeng.pcivietnam.vn/uploads/96646-PCI%20USER%20GUIDE_Final_Website.pdf

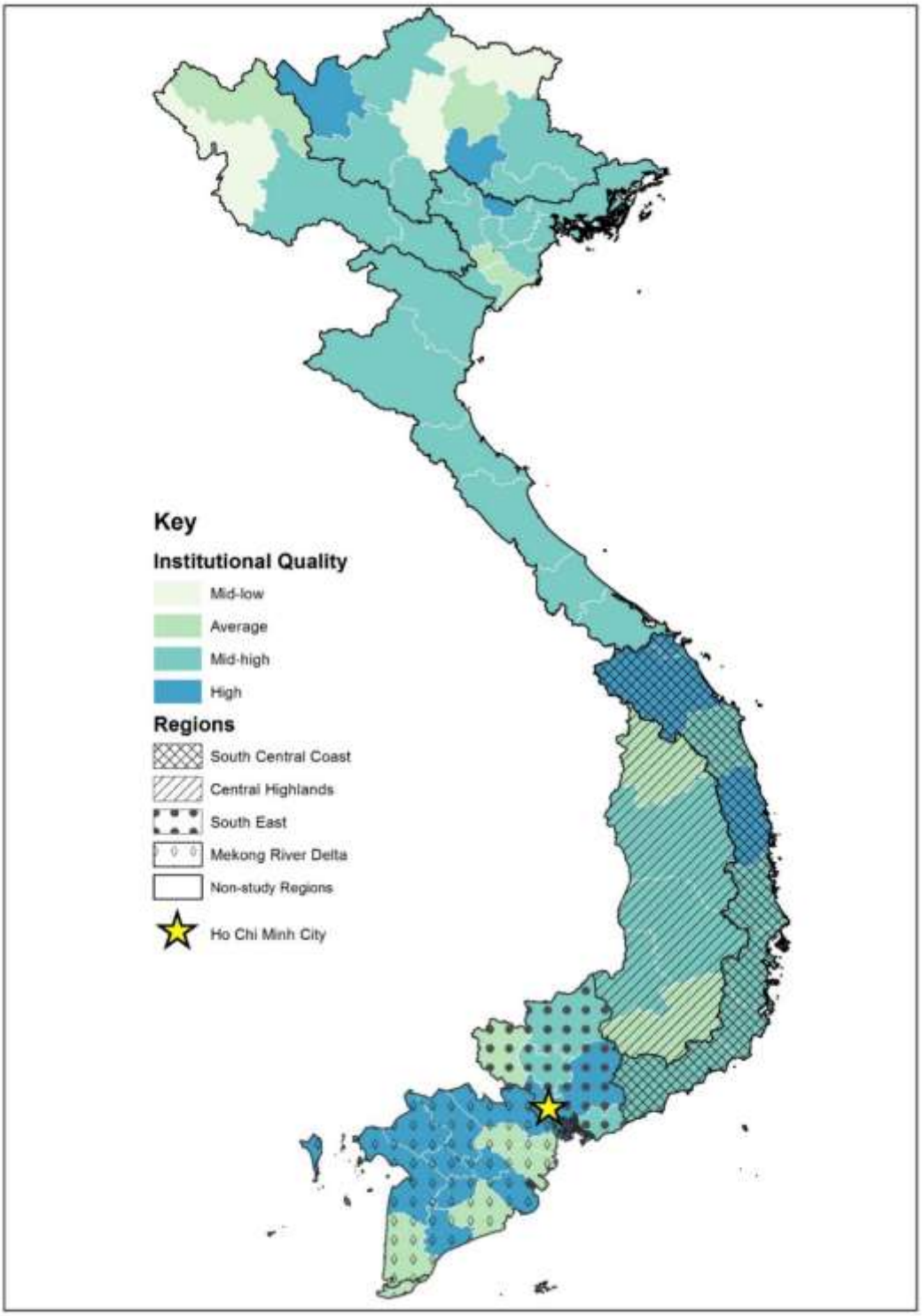
Consequently, PCI is a valid proxy for local institutional quality in Viet Nam that fits the intention of our article.

Figure 3.1 maps the PCI scores of all provinces in Viet Nam. Some patterns in the south central and the south areas of Viet Nam are apparent. Although no province reached the threshold denoting excellent performance, not a single province was in the 'mid-low' or 'low' categories. Most of the high performers are located in the south central and the south areas. Nine out of 17 provinces in the Mekong Delta, which may be considered the most "dynamic" region, have the highest institutional quality. Meanwhile, there was no province in the 'high' category found in the Central Highlands. PCI scores vary locally since provinces and cities in Viet Nam are heterogeneous in terms of economic, demographic and geographic factors. Those factors have been identified as determinants of institutional quality (Alesina et al., 2003; Rodrik et al., 2004; Acemoglu et al., 2008; Spilimbergo, 2009; Docquier et al., 2016).

As a robustness check, the Viet Nam Provincial Governance and Public Administration Performance Index (PAPI – labelled *papi*)[17] is used as an alternative measure to PCI. PAPI captures the quality of provincial governance by means of six dimensions, including: (1) participation; (2) transparency; (3) vertical accountability; (4) control of corruption; (5) public administrative procedures; and (6) public services. This index is constructed from data obtained through surveys and in-depth interviews. PCI and PAPI are the only two indices measuring local institutional quality in Viet Nam, but the former is more popular for its longer establishment and wider coverage of the performance of provincial governments.

[17] http://papi.org.vn/eng/

Figure 3.1: PCI Ranking of Provinces in Viet Nam, 2012



Notes: PCI score for each tier: Excellent: PCI score ≥ 65; High: 60 ≤ PCI score < 65; Mid-high: 53 ≤ PCI score <60; Average: 51 ≤ PCI score < 53; Mid-low: 45 ≤ PCI score < 51; Low: PCI score < 45.
Source: Malesky (2013)

Regional population (*lnpop*) is the natural logarithm of total provincial population in each region, measured in thousands of people, assembled from the database of the General Statistics Office of Viet Nam (GSO).[18] Inter-regional distance is defined as the population-weighted average of distance measured in kilometres of road travel from each region to Ho Chi Minh City, obtained from Google Maps. Because the value of distance associated with Ho Chi Minh City to itself is zero, this variable enters the models as the natural logarithm of one plus the distance (*lndistance*).

It is worth noting that Vietnamese migrants who decided to return permanently to Viet Nam have to first complete a permanent resident registration formality that takes a couple of years. Consequently, all the independent variables capturing the national and regional characteristics used in this article contain 2012 data (i.e. data that would have been available or potentially known to the return migrants at the time of their decision to migrate in 2014).

Finally, some limitations are worth noting. The data set is not nationwide, and is limited to a single year of data from return migrants in 2014. Other personal information, such as education level, income, ethnicity, birthplace, migration history and duration of stay in the host country, which could potentially contribute to the explanation of the return decisions of Vietnamese return migrants, are not available in the data set. These limitations are due to the unavailability of systematic migration data in Viet Nam, especially data on return migration. In regard to the measure of local institutional quality, it is acknowledged that PCI estimation is subject to measurement and sampling errors, despite being the most popular sub-national governance index in Viet Nam.

[18] http://www.gso.gov.vn/

3.5 Results and Discussion

3.5.1 Logit and Multinomial Logit Models with Individual-specific Variables

Table 3.2 displays the estimates corresponding to Equation (2), i.e. the logistic regression model. Each of the five regressions uses a different measure of host country institutional quality. The estimated coefficients for age are statistically significant in all models, suggesting that the locational choices of Vietnamese return migrants differ significantly by age. Since the values of the odds ratios associated with age are greater than one, holding other variables constant, an increase in age is associated with lower odds of returning to Ho Chi Minh City (and higher odds of returning to other regions). In other words, while younger migrants were more likely to choose Ho Chi Minh City to reside in upon return, older migrants were more likely to prefer other destinations. This outcome might result from the variation in return motivations between different generations of migrants. Returnees who are at a later stage of their working lives at the time of their return might be attracted to locationally-fixed features in their original home towns, where they probably enjoy living near their relatives and benefit from higher utility gained from local consumption. Thus, it is plausible that large urban centres are possibly not their priority. In contrast, younger migrants are more likely to return to invest their capital acquired abroad. Thus, they tend to choose locations where more opportunities are available for them to develop their potential, as is the case in Ho Chi Minh City.

Likewise, we observe a significant difference between male and female migrants in their choices of return location. More specifically, all other things being equal, men were less likely to choose to return to Ho Chi Minh City than women. This result may be explained by the practice of ancestor worship in

Table 3.2: Estimates for Logit Model with Individual-Specific Variables

Alternative measures of institutional quality in the host country	(1) freedom_host	(2) pr_host	(3) cl_host	(4) efw_host	(5) polity2_host
lnage	2.1108**	2.1113**	2.1525***	2.0959**	2.1041**
	(0.6199)	(0.6198)	(0.6348)	(0.6184)	(0.6179)
gender	1.5728***	1.5645***	1.5783***	1.5613***	1.5705***
	(0.2635)	(0.2618)	(0.2643)	(0.2607)	(0.2626)
Institutional quality in the host country	0.2543*	0.7998	0.8039	0.8284	0.9326
	(0.2007)	(0.1217)	(0.1320)	(0.2915)	(0.0642)
Log Likelihood	-421.5439	-422.1802	-422.4763	-423.3078	-422.8866

Notes: Factor change in odds of Non-Ho Chi Minh City versus Ho Chi Minh City. Exponentiated coefficients. Standard errors are reported in parentheses. N = 628.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Vietnamese traditional culture. Almost every Vietnamese family has an altar to commemorate their ancestors and deceased family members. Beyond psychic beliefs, this is an important traditional value that strengthens the kinship among family members and relatives. Traditionally, men who are heads of families are responsible for taking care of ancestor worship. Therefore, it is understandable that Vietnamese male migrants (as well as older migrants) are more prone to returning to their original home towns where the worship practice takes place.

Institutional quality in the host country has an odds ratio of less than one, which implies that Vietnamese migrants who returned from the host countries with a high degree of freedom status or with a high score of institutional quality were more likely to choose Ho Chi Minh City. However, this coefficient is only statistically significant for one of the five measures of host country institutional quality. This may result from the fact that a small sample size of around 600 is underpowered to identify any effect when there are not large cross-country variations in the measures of institutional quality of host countries.

The estimates for Equation (4) are summarized in Table 3.6 in the Chapter Appendix. These results demonstrate that older return migrants prefer returning to the South Central Coast and Central Highlands regions over Ho Chi Minh City, while male migrants prefer the South East Region and the Mekong Delta. Host country institutional quality is only statistically significant for the South East Region, which explains the inconsistent results in Table 3.2. The differences in effects between regions suggest that region-specific variables are likely to be an important determinant of migrants' decisions, which we explore in the next sub-section.

3.5.2 Conditional Logit Models with Region-specific Variables

Table 3.3 summarizes the results of the Conditional Logit Models with region-specific variables. Table 3.3 reports the results using *freedom_host* as the measure of host country institutional quality, while Tables 3.7 and 3.8 in the Chapter Appendix provide full details of the results obtained with the alternative measures of host country institutional quality. Column (1) of Table 3.3 presents the estimates for Equation (6). All of the coefficients are statistically significant, and the *p*-value of the log likelihood chi-square statistic indicates that our model fits the data well. The estimates reveal a positive link between local institutional quality in the home country and the locational choices of Vietnamese return migrants. More specifically, increasing the PCI score for any of the regions would increase the odds of returning to that region, holding the PCI scores of the other regions as well as other variables constant. This result provides convincing empirical support for the role of institutional quality at the local level as a 'pull factor' for migration decisions. The direction of the effects of population and distance are consistent with the predictions from gravity models of migration. The larger the population size, the more inviting the region. The significant odds ratio of distance of less than one suggests that Vietnamese return migrants are less likely to choose to locate in a region the further it is from Ho Chi Minh City.

In column (2) we report results that include interaction terms between local institutional quality and both age and institutional quality in the host country. The inclusion of these interaction terms not only reinforces the impacts of the key region-specific variables, but also reveals some interesting insights about these impacts. First, the significant odds ratio on the interaction term between PCI and age shows that the higher the age, the less positive the effect of PCI on the

Table 3.3: Estimates for Conditional Logit Model with Region-Specific Variables and Mixed Logit Model with Both Individual-Specific and Region-Specific Variables

	(1) Conditional Logit Model	(2) Conditional Logit Model with Interactions	(3) Mixed Logit Model
pci	1.2878***	5.2278***	6.0562***
	(0.1232)	(3.0369)	(3.7543)
lnpop	2.6670***	2.4282***	2.8523**
	(0.7544)	(0.6972)	(1.4411)
lndistance	0.8469***	0.8662***	0.8146**
	(0.0450)	(0.0472)	(0.0783)
[lnage]x[pci]		0.6652***	0.6408***
		(0.0881)	(0.0877)
[freedom_host]x[pci]		1.3737*	1.4031*
		(0.2416)	(0.2464)
[gender]x[South Central Coast]			1.9868**
			(0.5462)
[gender]x[Central Highlands]			2.2834
			(1.3506)
[gender]x[South East Region]			1.5465*
			(0.3600)
[gender]x[Mekong River Delta]			1.3828*
			(0.2591)
Log Likelihood	-807.0541	-801.0016	-796.7043

Notes: Factor change in odds of region j versus region k. Exponentiated coefficients. Standard errors are reported in parentheses. N = 628.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

locational choices of returnees. Specifically, older migrants are less concerned about the local institutional quality than are younger migrants. This is probably because of differences in motivation for return migration between older and younger migrants, with older migrants returning to their home village for retirement, while younger migrants return to Ho Chi Minh City for investment purposes. Second, those who returned from a country with higher institutional quality were more likely to choose a region with a higher PCI score. This finding demonstrates the link between international migration and institutional quality in

the home country through the return channel. Specifically, migrants who have experienced higher quality institutions in the host country may be more likely to value higher quality institutions on their return to Viet Nam.

Column (3) of Table 3.3 shows the results of the Mixed Logit Model fitted to include both individual-specific and region-specific variables. After controlling for gender, the estimates for the region-specific variables and the interaction terms remain consistent with those of the Conditional Logit Models in Columns (1) and (2). Moreover, the estimates for the interaction terms between gender and region dummies are also consistent with those of the Multinomial Logit Model in Table 3.6 in the Chapter Appendix.

The results obtained from different specifications discussed in this sub-section are strongly robust across different measures of institutional quality in the host country (see Tables 3.7 and 3.8 in the Chapter Appendix). Importantly, the variable of interest – PCI – is positive and statistically significant unless we use *efw_host* as the indicator of host country institutional quality. Although the interaction term between PCI and institutional quality in the host country loses its significance when using measures of institutional quality other than freedom status, they are still consistent in terms of their direction.

Tables 3.9, 3.10 and 3.11 in the Chapter Appendix report the results of the CLM and MLM models using PAPI as an alternative measure to PCI. These results are qualitatively similar to those using PCI in terms of sign. However, only the coefficient associated with PAPI obtained from the simplest CLM model in Column (1) of Table 3.9 is statistically significant. The less robust significant influence of local institutional quality measured by PAPI thereby reinforces our choice of PCI as a measure of local institutional quality.

3.6 Conclusions

Earlier work has documented the role of institutional quality as a pull factor affecting the migration decisions of international migrants. This study is the first to extend this idea to the locational choices of return migrants. We use data on the locational choices of Vietnamese return migrants to investigate this issue. We found that younger and female returnees were more likely to choose to reside in Ho Chi Minh City rather than other regions, and that regions with better institutional quality attracted more returnees. In addition, the impact of local institutional quality on the locational choices of Vietnamese return migrants is related to their age and their migration experience. While local institutional quality has a significant role in return decisions of Vietnamese return migrants, younger returnees appear to be the most concerned about the institutional quality of the regions they were returning to.

Most importantly, migrants from host countries with higher levels of institutional quality were more likely to choose to return to regions with higher local institutional quality. This finding not only reinforces the role of institutional quality as a determinant of migration decisions, but also contributes to the norm diffusion literature. Owing to the process of integration and assimilation, migrants are exposed to and adopt favourable attributes of institutional mechanisms in developed host countries, and they are expected to transfer their absorbed norms to the home country through *inter alia* the return channel (Batista and Vicente, 2011; Pfutze, 2012; Chauvet and Mercier, 2014; Barsbai et al., 2017). Norm diffusion derived from migration can be observed at different levels. As mapped out by Rüland et al. (2009), there are three pathways of norm diffusion: changes of attitudes at the individual level; collective action; and institutional change at the

national and global levels. Our results provide convincing evidence of changes in attitudes at the individual level towards institutional quality reflected in the locational choices of Vietnamese return migrants upon returning to the home country. In particular, return migrants from host countries with higher institutional quality highly value local institutional quality.

Drawing from our findings, we observe a two-way relationship between migration and institutional quality. The locational choices of return migrants are shown to be dependent on local institutional quality. On the other hand, these choices intriguingly imply changes in return migrants' attitudes toward institutional quality. These attitudinal changes are of decisive importance in terms of underpinning the further potential of return migrants to act as norm remitting agents at higher levels that induce influences on institutional quality in the home country.

Our findings also suggest that better local institutional quality may attract return migrants, who have high potential to contribute to regional development. In regard to policy implications, our results provide compelling evidence for policymakers in Viet Nam (and potentially other similar developing countries that have large diasporas and large numbers of return migrants) that improving local institutional quality is a significant measure for attracting potential resources, especially human resources, from abroad.

References

Acemoglu, D., Johnson, S., & Robinson, J. A. (2005). Institutions As a Fundamental Cause of Long-Run Growth. In *Handbook of Economic Growth* (Vol. 1A, pp. 386–464). Elsevier B.V.

Acemoglu, D., Johnson, S., Robinson, J. A., & Yared, P. (2008). Income and Democracy. *The American Economic Review*, *98*(3), 808–842.

Alesina, A., Devleeschauwer, A., Easterly, W., Kurlat, S., & Wacziarg, R. (2003). Fractionalization. *Journal of Economic Growth*, *8*(2), 155–194.

Ammassari, S. (2004). From nation-building to entrepreneurship: the impact of élite return migrants in Côte d'Ivoire and Ghana. *Population, Space and Place*, *10*(2), 133–154.

Ariu, A., Docquier, F., & Squicciarini, M. P. (2016). Governance quality and net migration flows. *Regional Science and Urban Economics*, *60*, 238–248.

Ashby, N. J. (2010). Freedom and International Migration. *Southern Economic Journal*, *77*(1), 49–62.

Barsbai, T., Rapoport, H., Steinmayr, A., & Trebesch, C. (2017). The Effect of Labor Migration on the Diffusion of Democracy: Evidence from a Former Soviet Republic. *American Economic Journal: Applied Economics*, *9*(3), 36–69.

Batista, C., & Vicente, P. C. (2011). Do Migrants Improve Governance at Home? Evidence from a Voting Experiment. *The World Bank Economic Review*, *25*(1), 77–104.

Baudassé, T., Bazillier, R., & Issifou, I. (2018). Migration and Institutions: Exit and Voice (from Abroad)? *Journal of Economic Surveys*, *32*(3), 727-766.

Beine, M., & Sekkat, K. (2013). Skilled migration and the transfer of institutional norms. *IZA Journal of Migration*, *2*(1), 1–19.

Bertocchi, G., & Strozzi, C. (2008). International migration and the role of institutions. *Public Choice*, *137*, 81–102.

Bodvarsson, Ö. B., Simpson, N. B., & Sparber, C. (2015). Migration Theory. In B. R. Chiswick & P. W. Miller (Eds.), *Handbook of the Economics of International Migration* (Vol. 1A, pp. 3–51). North-Holland.

Borjas, G. J. (1989). Economic Theory and International Migration. *International Migration Review*, *23*(3), 457–485.

Cameron, M. P. (2018). Climate change, internal migration, and the future spatial distribution of population: a case study of New Zealand. *Population and Environment*, *39*(3), 239–260.

Cerase, F. P. (1974). Expectations and Reality: A Case Study of Return Migration from the United States to Southern Italy. *International Migration Review*, *8*(2), 245–262.

Charron, N., Dijkstra, L., & Lapuente, V. (2014). Regional Governance Matters: Quality of Government within European Union Member States. *Regional Studies*, *48*(1), 68–90.

Chauvet, L., & Mercier, M. (2014). Do return migrants transfer political norms to their origin country? Evidence from Mali. *Journal of Comparative Economics*, *42*(3), 630–651.

Ciccone, A., & Hall, R. E. (1996). Productivity and the Density of Economic Activity. *The American Economic Review*, *86*(1), 54–70.

Clark, X., Hatton, T. J., & Williamson, J. G. (2007). Explaining U.S. Immigration, 1971-1998. *The Review of Economics and Statistics*, *89*(2), 359–373.

Cooray, A., & Schneider, F. (2016). Does corruption promote emigration? An empirical examination. *Journal of Population Economics*, *29*(1), 293–310.

De Groot, H. L. F., Poot, J., & Smit, M. J. (2016). Which Agglomeration Externalities Matter Most and Why? *Journal of Economic Surveys*, *30*(4), 756–782.

Dimant, E., Krieger, T., & Meierrieks, D. (2013). The effect of corruption on migration,1985–2000. *Applied Economics Letters*, *20*(13), 1270–1274.

Docquier, F., Lodigiani, E., Rapoport, H., & Schiff, M. (2016). Emigration and democracy. *Journal of Development Economics*, *120*, 209–223.

Dutta, N., & Roy, S. (2011). Do Potential Skilled Emigrants Care about Political Stability at Home? *Review of Development Economics*, *15*(3), 442–457.

Fitzgerald, J., Leblang, D., & Teets, J. C. (2014). Defying the Law of Gravity: The Political Economy of International Migration. *World Politics*, *66*(3), 406–445.

Gmelch, G. (1980). Return Migration. *Annual Review of Anthropology*, *9*, 135–159.

Hatton, T. J., & Williamson, J. G. (2011). Are Third World Emigration Forces Abating? *World Development*, *39*(1), 20–32.

Karemera, D., Oguledo, V. I., & Davis, B. (2000). A gravity model analysis of international migration to North America. *Applied Economics*, *32*(13), 1745–1755.

Ketterer, T. D., & Rodríguez-Pose, A. (2015). Local quality of government and voting with one's feet. *The Annals of Regional Science*, *55*(2–3), 501–532.

Lee, E. S. (1966). A Theory of Migration. *Demography*, *3*(1), 47–57.

Lewer, J. J., & Van den Berg, H. (2008). A gravity model of immigration. *Economics Letters*, *99*(1), 164–167.

Li, X., McHale, J., & Zhou, X. (2016). Does Brain Drain Lead to Institutional Gain? *The World Economy*, *40*(7), 1454–1472.

Malesky, E. (2013). The Vietnam Provincial Competitiveness Index: Measuring Economic Governance for Private Sector Development-2012 Final Report. *Vietnam Competitiveness Initiative Policy Paper #17*. Ha Noi: Vietnam Chamber of Commerce and Industry and United States Agency for International Development's Vietnam Competitiveness Initiative.

Ministry of Foreign Affairs of Vietnam. (2012). *Review of Vietnamese Migration Abroad*. Ha Noi: Ministry of Foreign Affairs of Vietnam.

Morettini, G., Presbitero, A. F., & Tamberi, M. (2012). Determinants of international migrations to Italian provinces. *Economics Bulletin*, *32*(2), 1604–1617.

Nejad, M. N., & Young, A. T. (2016). Want freedom, will travel: Emigrant self-selection according to institutional quality. *European Journal of Political Economy*, *45*, 71–84.

North, D. C. (1991). Institutions. *Journal of Economic Perspectives*, *5*(1), 97–112.

OECD. (2008). *International Migration Outlook: SOPEMI - 2008 Edition*. France: OECD.

Pfutze, T. (2012). Does migration promote democratization? Evidence from the Mexican transition. *Journal of Comparative Economics*, *40*(2), 159–175.

Poot, J., Alimi, O., Cameron, M. P., & Maré, D. C. (2016). The gravity model of migration: the successful comeback of an ageing superstar in regional science. *Investigaciones Regionales*, (36), 63–86.

Poprawe, M. (2015). On the relationship between corruption and migration: empirical evidence from a gravity model of migration. *Public Choice*, *163*(3–4), 337–354.

Rodríguez-Pose, A., & Di Cataldo, M. (2015). Quality of government and innovative performance in the regions of Europe. *Journal of Economic Geography*, *15*(4), 673–706.

Rodríguez-Pose, A., & Garcilazo, E. (2015). Quality of Government and the Returns of Investment: Examining the Impact of Cohesion Expenditure in European Regions. *Regional Studies*, *49*(8), 1274–1290.

Rodrik, D., & Subramanian, A. (2003). The primacy of institutions. *Finance and Development*, *40*(2), 31–34.

Rodrik, D., Subramanian, A., & Trebbi, F. (2004). Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development. *Journal of Economic Growth*, *9*(2), 131–165.

Rowlands, D. (1999). Domestic Governance and International Migration. *World Development*, *27*(8), 1477–1491.

Rüland, J., Kessler, C., & Rother, S. (2009). Democratisation through International Migration? Explorative Thoughts on a Novel Research Agenda. *European Journal of East Asian Studies*, *8*(2), 161–179.

Sjaastad, L. A. (1962). The Costs and Returns of Human Migration. *The Journal of Political Economy*, *70*(50), 80–93.

Spilimbergo, A. (2009). Democracy and Foreign Education. *The American Economic Review*, *99*(1), 528–543.

Vogler, M., & Rotte, R. (2000). The effects of development on migration: Theoretical issues and new empirical evidence. *Journal of Population Economics*, *13*(3), 485–508.

Zipf, G. K. (1946). The P1 P2/D Hypothesis: On the Intercity Movement of Persons. *American Sociological Review*, *11*(6), 677–686.

Chapter Appendix

Table 3.4: Summary Statistics for Individual-Specific Independent Variables

	Obs.	Mean	Median	SD	Min	Max	Freq.	Per cent	Cum.
Age	628	60.30	59.5	15.98	23	97			
Gender	628	0.61	1	0.49	0	1			
Male							386	61.46	61.46
Female							242	38.54	100
Freedom status in the host country	628	0.98	1	1.23	0	1			
Free							617	98.25	98.25
Not-free							11	1.75	100
Global political rights index	628	6.91	7	0.63	1	7			
Civil liberties index	628	6.90	7	0.55	2	7			
Economic Freedom of the World Index	628	7.73	7.81	0.23	5.9	8.98			
Polity Score	628	9.76	10	1.29	-7	10			

Table 3.5: Summary Statistics for Region-Specific Independent Variables, 2012

	South Central Coast	Central Highlands	South East Region	Mekong River Delta	Ho Chi Minh City
Regional population (1,000)	9,008.60	5,363.30	7,470.40	17,379.60	7,660.30
			Average		
PCI score	58.67	54.12	57.77	60.46	61.19
PAPI score	36.24	35.81	36.33	35.57	36.65
Distance to Ho Chi Minh City (km)	604.75	394.60	95.12	185.35	0.00
			Population-weighted average		
PCI score	58.91	54.77	58.94	60.53	61.19
PAPI score	36.48	35.54	35.86	35.47	36.65
Distance to Ho Chi Minh City (km)	626.95	380.56	91.97	182.55	0.00

Table 3.6: Estimates for Multinomial Logit Model with Alternative Measures of Institutional Quality in the Host Country

Alternative measures of institutional quality in the host country		(1) freedom_host	(2) pr_host	(3) cl_host	(4) efw_host	(5) polity2_host
lnage	**South Central Coast**	4.0327***	4.0052***	4.0944***	3.9523**	3.9188**
		(2.1537)	(2.1376)	(2.1926)	(2.1200)	(2.0891)
gender		1.7621*	1.7427*	1.7589*	1.7326*	1.7363*
		(0.5156)	(0.5086)	(0.5139)	(0.5047)	(0.5062)
Institutional quality in the host country		0.1946	0.7792	0.7738	0.8189	0.9568
		(0.1979)	(0.1674)	(0.1900)	(0.5013)	(0.1180)
lnage	**Central Highlands**	18.3213**	18.3329**	17.0153**	20.8764**	15.8647**
		(21.7318)	(21.7360)	(20.3056)	(25.2842)	(18.6688)
gender		1.9010	1.9165	1.8753	1.9406	1.8705
		(1.0918)	(1.1008)	(1.0784)	(1.1165)	(1.0760)
Institutional quality in the host country		56323.1148	36762.8805	106953.5219	0.5011	345565.5866
		(49200828.0022)	(22832979.5483)	(69587342.5918)	(0.5686)	(224700000)
lnage	**South East Region**	1.6396	1.6487	1.7319	1.7206	1.6409
		(0.8680)	(0.8727)	(0.9201)	(0.9182)	(0.8695)
gender		1.9764**	1.9484**	1.9932**	1.9316**	2.0056**
		(0.6147)	(0.6039)	(0.6186)	(0.5957)	(0.6250)
Institutional quality in the host country		0.0941***	0.6582**	0.6230**	0.3513**	0.8414**
		(0.0834)	(0.1152)	(0.1223)	(0.1808)	(0.0677)
lnage	**Mekong River Delta**	1.6769	1.6788	1.6883	1.6323	1.6742
		(0.5539)	(0.5547)	(0.5604)	(0.5421)	(0.5539)
gender		1.4259*	1.4229*	1.4276*	1.4213*	1.4237*
		(0.2692)	(0.2686)	(0.2698)	(0.2682)	(0.2687)
Institutional quality in the host country		0.4774	0.8897	0.9203	1.2057	0.9777
		(0.4389)	(0.1594)	(0.1828)	(0.5091)	(0.0842)
Log Likelihood		-791.4577	-792.5059	-792.3775	-793.1693	-792.2402

Notes: Factor change in odds of a certain region versus the base region (Ho Chi Minh City). Exponentiated coefficients. Standard errors are reported in parentheses. N=628. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 3.7: Estimates for Conditional Logit Model with Alternative Measures of Institutional Quality in the Host Country

Alternative measures of institutional quality in the host country	(1) freedom_host	(2) pr_host	(3) cl_host	(4) efw_host	(5) polity2_host
pci	5.2278***	4.7741***	4.6801**	1.6452	5.8116***
	(3.0369)	(2.8700)	(2.8970)	(1.7422)	(3.4096)
lnpop	2.4282***	2.4426***	2.4498***	2.4378***	2.4640***
	(0.6972)	(0.7003)	(0.7019)	(0.6988)	(0.7052)
lndistance	0.8662***	0.8651***	0.8645***	0.8655***	0.8633***
	(0.0472)	(0.0470)	(0.0469)	(0.0470)	(0.0468)
[lnage]x[pci]	0.6652***	0.6643***	0.6623***	0.6545***	0.6681***
	(0.0881)	(0.0882)	(0.0881)	(0.0879)	(0.0886)
[Institutional quality in the host country]x[pci]	1.3737*	1.0603	1.0652	1.2192	1.0186
	(0.2416)	(0.0409)	(0.0508)	(0.1582)	(0.0201)
Log Likelihood	-801.0016	-801.3634	-801.5490	-801.2111	-801.9078

Notes: Factor change in odds of region j versus region k. Exponentiated coefficients. Standard errors are reported in parentheses. N=628.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 3.8: Estimates for Mixed Logit Model with Alternative Measures of Institutional Quality in the Host Country

Alternative measures of institutional quality in the host country	(1) freedom_host	(2) pr_host	(3) cl_host	(4) efw_host	(5) polity2_host
pci	6.0562***	5.4458***	5.2418**	1.8325	6.5664***
	(3.7543)	(3.4641)	(3.4008)	(1.9739)	(4.0897)
lnpop	2.8523**	2.8992**	2.9065**	2.9179**	2.9289**
	(1.4411)	(1.4610)	(1.4646)	(1.4684)	(1.4758)
lndistance	0.8146**	0.8115**	0.8110**	0.8104**	0.8096**
	(0.0783)	(0.0777)	(0.0777)	(0.0774)	(0.0775)
[lnage]x[pci]	0.6408***	0.6414***	0.6384***	0.6331***	0.6452***
	(0.0877)	(0.0878)	(0.0876)	(0.0875)	(0.0881)
[Institutional quality in the host country]x[pci]	1.4031*	1.0635	1.0725	1.2242	1.0217
	(0.2464)	(0.0411)	(0.0506)	(0.1593)	(0.0202)
[gender]x[South Central Coast]	1.9868**	1.9829**	1.9949**	1.9819**	1.9893**
	(0.5462)	(0.5452)	(0.5485)	(0.5450)	(0.5469)
[gender]x[Central Highlands]	2.2834	2.2101	2.2398	2.1577	2.2134
	(1.3506)	(1.2997)	(1.3191)	(1.2646)	(1.3051)
[gender]x[South East Region]	1.5465*	1.5377*	1.5458*	1.5348*	1.5387*
	(0.3600)	(0.3576)	(0.3597)	(0.3568)	(0.3578)
[gender]x[Mekong River Delta]	1.3828*	1.3816*	1.3842*	1.3820*	1.3826*
	(0.2591)	(0.2589)	(0.2594)	(0.2590)	(0.2590)
Log Likelihood	-796.7043	-797.1431	-797.2490	-797.0362	-797.6582

Notes: Factor change in odds of region j versus region k. Exponentiated coefficients. Standard errors are reported in parentheses. N=628.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 3.9: Estimates for Conditional Logit and Mixed Logit Models Using PAPI as a Measure of Local Institutional Quality in Viet Nam

	(1) Conditional Logit Model	(2) Conditional Logit Model with Interactions	(3) Mixed Logit Model
papi	1.6018***	4.4544	5.5962
	(0.2482)	(5.3201)	(6.8939)
lnpop	7.4120***	7.4010***	9.0126***
	(1.2635)	(1.2615)	(2.7768)
lndistance	0.7748***	0.7750***	0.7381***
	(0.0180)	(0.0180)	(0.0294)
[lnage]x[papi]		0.6987	0.6731
		(0.1852)	(0.1802)
[freedom_host]x[papi]		1.5556	1.5968
		(0.8703)	(0.8958)
[gender]x[South Central Coast]			1.6201*
			(0.4657)
[gender]x[Central Highlands]			1.6681
			(0.7887)
[gender]x[South East Region]			1.8754**
			(0.4744)
[gender]x[Mekong River Delta]			1.4257*
			(0.2692)
Log Likelihood	-806.4509	-805.2675	-801.0330

Notes: Factor change in odds of region j versus region k. Exponentiated coefficients. Standard errors are reported in parentheses. N = 628.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 3.10: Estimates for Conditional Logit Model with Alternative Measures of Institutional Quality in the Host Country Using PAPI as a Measure of Local Institutional Quality in Viet Nam

Alternative measures of institutional quality in the host country	(1) freedom_host	(2) pr_host	(3) cl_host	(4) efw_host	(5) polity2_host
papi	4.4544	3.7915	4.3961	6.7769	5.1905
	(5.3201)	(4.9752)	(5.9361)	(17.3376)	(6.1484)
lnpop	7.4010***	7.4013***	7.4028***	7.4040***	7.4028***
	(1.2615)	(1.2615)	(1.2618)	(1.2620)	(1.2618)
lndistance	0.7750***	0.7750***	0.7750***	0.7750***	0.7750***
	(0.0180)	(0.0180)	(0.0180)	(0.0180)	(0.0180)
[lnage]x[papi]	0.6987	0.6972	0.6956	0.7064	0.6989
	(0.1852)	(0.1850)	(0.1853)	(0.1886)	(0.1855)
[Institutional quality in the host country]x[papi]	1.5556	1.0913	1.0698	0.9961	1.0291
	(0.8703)	(0.1270)	(0.1432)	(0.3168)	(0.0585)
Log Likelihood	-805.2675	-805.2978	-805.4545	-805.5809	-805.4530

Notes: Factor change in odds of region j versus region k. Exponentiated coefficients. Standard errors are reported in parentheses. N=628.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 3.11: Estimates for Mixed Logit Model with Alternative Measures of Institutional Quality in the Host Country Using PAPI as a Measure of Local Institutional Quality in Viet Nam

Alternative measures of institutional quality in the host country	(1) freedom_host	(2) pr_host	(3) cl_host	(4) efw_host	(5) polity2_host
papi	5.5962	4.7927	5.2649	8.4908	6.4644
	(6.8939)	(6.4562)	(7.2728)	(21.9650)	(7.8813)
lnpop	9.0126***	9.0140***	9.0164***	9.0194***	9.0155***
	(2.7768)	(2.7773)	(2.7781)	(2.7791)	(2.7778)
lndistance	0.7381***	0.7381***	0.7380***	0.7380***	0.7381***
	(0.0294)	(0.0294)	(0.0294)	(0.0294)	(0.0294)
[lnage]x[papi]	0.6731	0.6719	0.6685	0.6808	0.6725
	(0.1802)	(0.1801)	(0.1799)	(0.1835)	(0.1804)
[Institutional quality in the host country]x[papi]	1.5968	1.0939	1.0828	0.9992	1.0333
	(0.8958)	(0.1276)	(0.1456)	(0.3196)	(0.0585)
[gender]x[South Central Coast]	1.6201*	1.6197*	1.6206*	1.6196*	1.6203*
	(0.4657)	(0.4655)	(0.4658)	(0.4655)	(0.4657)
[gender]x[Central Highlands]	1.6681	1.6649	1.6707	1.6635	1.6692
	(0.7887)	(0.7872)	(0.7900)	(0.7865)	(0.7892)
[gender]x[South East Region]	1.8754**	1.8727**	1.8771**	1.8708**	1.8757**
	(0.4744)	(0.4737)	(0.4749)	(0.4732)	(0.4745)
[gender]x[Mekong River Delta]	1.4257*	1.4225*	1.4274*	1.4202*	1.4262*
	(0.2692)	(0.2685)	(0.2696)	(0.2679)	(0.2693)
Log Likelihood	-801.0330	-801.0853	-801.2081	-801.3825	-801.2159

Notes: Factor change in odds of region j versus region k. Exponentiated coefficients. Standard errors are reported in parentheses. N=628.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Chapter 4: Return or Not Return? The Role of Home-country Institutional Quality in Vietnamese Migrants' Return Intentions[19]

4.1 Introduction

The debate on why some international migrants return to their home country has centred on the impact of migrants experiencing failure versus success in the host country (Cassarino, 2004). Advocates of the view that returnees are successful migrants emphasize their positive contributions to further development of the home country. On the other hand, those who believe that returnees have often experienced failure in the host country expect a less positive impact on home countries. In all cases, return migrants are known as development agents who bring with them human capital, financial capital, and advanced norms attained in the host country (Wahba, 2014). Therefore, promoting voluntary return migration for development has been a key objective of policy makers in developing countries characterized by large diaspora.

In every voluntary return movement, return intentions and return decisions are inseparable (Caro et al., 2016). Albeit having a desire to return does not guarantee an *ex post* realization, voluntary return decisions are naturally grounded in return intentions. Theoretically, it has been argued that return intentions may signal that such migrants could positively affect the home country (Dustmann and Görlach, 2016). Empirically, return intentions are found to be associated with a higher probability to remit to, invest in, and participate in the political processes of the home country (Dustmann and Mestres, 2010; Wolff, 2015; Chabé-Ferret et

[19] This chapter is currently under review:
Tran, N. T. M., Cameron, M. P., & Poot, J. (forthcoming). Return or Not Return? The Role of Home-Country Institutional Quality in Vietnamese Migrants' Return Intentions. *Migration Studies*.

al., 2016). Therefore, understanding what shapes migrants' return intentions is necessary in order to design well-targeted development policies that evoke, sustain, and materialize the willingness to return among migrants. However, while huge academic and political attention has already been paid to *observed* return migration (e.g. OECD, 2008), research on return *intentions* has to date been rather scattered and context-specific – predominantly due to a lack of appropriate data.

Extant work examining the determinants of return intentions has been mainly developed within the integration and transnationalism theoretical framework. More specifically, in this framework the relative strength of attachment to the host country and engagement with the home country both matter for the return intentions of migrants, independent of individual heterogeneity (Carling and Pettersen, 2014). Notably, the return intentions of migrants vary across countries of origin (Alberts and Hazen, 2005; Carling and Pettersen, 2014; Caro et al., 2016), and migrants from less developed countries are more likely to have a lower propensity to return (Jensen and Pedersen, 2007). This variation is attributed to the macro-level context in the home country, which has long been argued to be fundamental to the re-adaptation process of returnees (Cerase, 1974). Notwithstanding this, empirical models examining what predicts return intentions are consistently inclusive of individual-specific variables, but often exclude macro-level factors.

In recent years, literature has been emerging on institutional quality as a significant macro-level factor that drives migration decisions. Institutions affect the spatial movement of people in opposite directions, depending on whether a 'pull' or 'push' mechanism is at play. As migrants are assumed to be rational and utility maximising, they are attracted to countries with better institutions and steer

away from countries with worse institutions (see Baudassé et al., 2018 for a recent review). Particularly, Cassarino (2004) argued that the development potential of return migration is contingent on the willingness and readiness of migrants to return home, which in turn depends on their perceptions of the institutional, economic, and political conditions in the home country. So far, there is to our knowledge no empirical evidence that links the theoretically discussed role of institutional quality to the self-reported return intentions of migrants.

This paper aims to contribute to filling this literature gap by providing an empirical analysis of the return intentions of Vietnamese migrants living in OECD countries. We apply a logistic regression model including both micro-level and macro-level determinants of return intentions. Our novel contribution is the inclusion of the perceptions of Vietnamese migrants of institutional quality in Viet Nam as a determinant of return intentions. This extends the role of institutional quality in migration research to the under-exploited area of studying *ex ante* return decisions. The data used in this analysis were derived from a web-based survey that we conducted in OECD countries in 2016.

Viet Nam is a net migrant sending country with a diaspora of roughly 2.7 million people in 2017 (United Nations, 2017), and was ranked among the top ten remittance receiving countries in 2015 (Ratha et al., 2016). The Vietnamese diasporic community has been asserted in statutory provisions of Viet Nam as an inseparable part of the nation. Accordingly, the Vietnamese government has launched a variety of policies and action plans to strengthen the connection with the Vietnamese diasporic community and to encourage their return for development. However, these efforts appear to have had limited effectiveness. The return trend of Vietnamese diaspora remains incipient and its full potential

has not yet been realized (Pham, 2011). Given that institutional quality remains much higher in OECD host countries than in Viet Nam, the low return rate of Vietnamese migrants may be at least partially attributed to institutional quality in Viet Nam remaining relatively low. We test this empirically using a logit regression model of return migration intentions.

The remainder of this paper is structured as follows. Section 4.2 reviews the main determinants of return intentions. Section 4.3 presents the data and the applied research method. Section 4.4 reports and discusses the results. Section 4.5 concludes.

4.2 The Determinants of Return Intentions

Both micro-level and macro-level factors may shape the return intentions of migrants (Paparusso and Ambrosetti, 2017). Micro-level factors encompass integration in the host country, ties with the home country, migration history, and the individual demographic characteristics of migrants. Social, economic, institutional, and other conditions pertaining to pairs of host and home countries represent the macro-level factors. In this section, we review these main determinants of migrants' return intentions.

Integration and transnationalism are two pivotal concepts in the theoretical framework for examining return intentions. While the strength of engagement with the home country is predicted to have a positive correlation with return intentions (de Haas and Fokkema, 2011), views on the relationship between integration in the host country and the wish to return have diverged (Anniste and Tammaru, 2014). Assimilation theorists suggest a negative relationship due to integration in the host society substituting for homeland ties. In contrast, transnationalism and social network theorists assume a complementarity between integration and cross-border linkages with the home country, with deeper

integration facilitating return migration. We conclude that, since integration and homeland engagement mutually drive return intentions, these concepts should be simultaneously considered. Carling and Pettersen (2014) developed the integration–transnationalism matrix that allows four different possibilities for the relative strength of attachment to pairs of home and host countries. Their bivariate analysis predicts that migrants characterized by strong transnationalism and weak integration demonstrate the highest likelihood of returning. The matrix's prediction was confirmed by their empirical investigation of the return intentions of immigrants in Finland, and more recently by other research on immigrants in the Netherlands (Bilgili and Siegel, 2017), and Moroccans in Italy (Paparusso and Ambrosetti, 2017). Researchers have employed a wide range of indicators, separately or as an index, to measure these two concepts. Legal status, employment, dependants living in the host country, language fluency, host country media and cultural consumption, friends among native citizens, organizational engagement, voting participation, property ownership, investment in the host country, satisfaction, and sense of belonging are conventional indicators of integration. Dependants living in the home country, origin country media and cultural consumption, sending remittances, visiting home, organizational engagement, property ownership, and investment in the home country have been widely employed to reflect ties with the home country.

Duration-of-stay is the most commonly used indicator of migration history; however, its effect on return intentions is controversial. Duration-of-stay was found to have an insignificant impact on the return intentions of migrants from Egypt, Morocco, Turkey, Ghana, and Senegal living in Italy and Spain (de Haas and Fokkema, 2011), female migrants from Kyrgyzstan, Tajikistan, and

Uzbekistan living in Russia (Agadjanian et al., 2014), and migrants from Estonia living in Finland (Anniste and Tammaru, 2014). In contrast, Moroccans in Europe have been found to be more prone to returning to the home country when their duration-of-stay extends (de Haas et al., 2014; Paparusso and Ambrosetti, 2017). As explained by de Haas et al., (2014), Moroccan migrants are more likely to return for retirement. But, Waldorf (1995) and Güngör and Tansel (2014) found a negative relationship between duration-of-stay and the likelihood of intending to return, among guest workers in Germany and Turkish professionals living abroad, respectively. This negative relationship reflects the cumulative inertia effect, originally discovered in internal migration research (e.g. Morrison 1967), but subsequently extended to cross-border migration where it has been found that living longer in the host country tends to facilitate assimilation and thereby deter repatriation (e.g. Waldorf and Esparza, 1991).

Demographic characteristics of migrants, such as age, gender, marital status, and education are included as conventional control variables in quantitative analyses of return intentions. Whereas a number of studies have found no significant impacts of age (de Haas and Fokkema, 2011; Agadjanian et al., 2014; de Haas et al., 2014), gender (Waldorf, 1995; de Haas and Fokkema, 2011; Anniste and Tammaru, 2014; de Haas et al., 2014; Bilgili and Siegel, 2017), marital status (Waldorf, 1995; Agadjanian et al., 2014; Bilgili and Siegel, 2017), or education (Agadjanian et al., 2014; Anniste and Tammaru, 2014) on the willingness to return, others have reported a significant influence for these factors. An increase in age has been found to have a positive impact on the likelihood of intending to return (Waldorf, 1995; Carling and Pettersen, 2014; Bilgili and Siegel, 2017; Paparusso and Ambrosetti, 2017); however, a negative effect was found by

Güngör and Tansel (2014). Males may be more prone to wishing to return than females (Carling and Pettersen, 2014; Güngör and Tansel, 2014; Paparusso and Ambrosetti, 2017). Married migrants may be more tied to the host country (Paparusso and Ambrosetti, 2017). Higher levels of education attainment have been associated with higher likelihood of willingness to return (de Haas and Fokkema, 2011; de Haas et al., 2014; Paparusso and Ambrosetti, 2017). Conversely, Carling and Pettersen (2014) reported a nonlinear effect of education attainment on return intentions. Migrants with very low or very high levels of education have the lowest odds of intending to return.

Moreover, studies using datasets of migrants from many different countries have also included country of origin as a predictor of return intentions, in order to account for origin-country-specific heterogeneity. Return intentions have indeed been found to be heterogeneous between migrants from different origin countries, and this variation has been attributed to the origin-country-specific contextual factors (Alberts and Hazen, 2005; Agadjanian et al., 2014; Carling and Pettersen, 2014). These arguments reinforce the need to consider the social, economic, political, and institutional conditions in the origin country, and the interactions between contextual and micro-level factors, in order to understand return intentions. Notwithstanding this need, few studies consider these important factors. Güngör and Tansel (2014) included individual perceptions of economic instability and uncertainty in the origin country as a push factor in their econometric model and found it had a strong negative effect on the return intentions of Turkish migrants. Unfavourable economic conditions in Turkey, as perceived by Turkish professionals residing abroad, encouraged non-return. Bilgili and Siegel (2017) allowed for variation in levels of trust in the origin country economy in their

multivariate analysis. They found that higher levels of trust in the origin country economy were associated with higher likelihood of permanent return among Afghan, Burundian, Ethiopian, and Moroccan migrants living in the Netherlands. So far, attempts to account for macro-level factors in the origin country have focused only on economic conditions. The current paper adds the quality of institutions to the range of origin country characteristics to be considered.

4.3 Data and Research Method

Data for this study were collected using a web-survey of Vietnamese migrants living in OECD countries conducted in 2016. We designed a questionnaire to collect data on individual background characteristics, migration history, integration in the host country, ties with Viet Nam, evaluation of institutional quality in pairs of host and home countries, and the importance of institutional quality in Viet Nam to the respondents' return intentions. The questionnaire was completed as either a web-survey (n=130) or a written survey (n=29). The respondents were recruited through posts on Facebook pages of Vietnamese associations in OECD countries (web-survey), or directly through Vietnamese associations in New Zealand [20] (written survey). Our usable sample contains 159 respondents aged between 21 and 75 years living in 18 host countries. A response rate cannot be calculated as the number of people who visited the Facebook pages or were contacted by the Vietnamese associations is unknown.

The dependent variable is a dichotomous indicator of whether or not a respondent intends to return to the home country (Viet Nam). Respondents were asked if they intend to return to Viet Nam permanently or for a period of at least

[20] New Zealand is the country where the current study was conducted and it was therefore possible to conduct a written survey. Hard copies of the questionnaire were distributed to Vietnamese associations in New Zealand to recruit respondents to the extent that they were able to do so.

12 months or longer. They were offered four options: *Yes, No, Not sure*, and *I have never thought about this*. The frequencies for each of the four response options are 27, 79, 43, and 10, respectively. Those who chose *Yes* are classified as having a return intention. The proportion of this group in the sample is 17 per cent (see Table 4.1). The rest constitutes the group of not having return intention. Hence, having an intention to return to Viet Nam is a dichotomous variable (yes=1, otherwise=0).

Table 4.1: Descriptive Statistics on Categorical Variables and Regions of Host Country

	Full sample	Having return intention	
	N	N	Per cent
Total	159	27	17.00
Gender			
Male	82	19	23.17
Female	77	8	10.39
Marital status			
Married or in a long-term relationship	111	16	14.41
Otherwise	48	11	22.92
Education			
Postgraduate	75	15	20.00
Otherwise	84	12	14.29
Region of host country			
North America	49	6	12.24
Europe	23	7	30.43
Asia and Oceania	87	14	16.09

Notes: North America includes Canada and the United States of America. Europe includes Belgium, Czech Republic, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Poland, Spain, Sweden, and the United Kingdom. Asia and Oceania include Australia, Japan, and New Zealand.

The independent variables include individual demographic characteristics, migration history, integration in the host country, ties with Viet Nam, and the self-perceived importance of institutional quality in Viet Nam – the variable of interest. Individual demographic characteristics are represented by *age* (years), *gender*

(male=1, female=0), *marital status* (married or in a long-term relationship=1, otherwise=0), and *education* (having a postgraduate degree=1, otherwise=0). Following other studies, migration history is proxied by *duration-of-stay* in the host country (years). Age and duration-of stay are continuous variables calculated from date of birth and date of first emigration, respectively. Based on the proportions shown in Table 4.1, we see that Vietnamese migrants who are men, or who have a postgraduate degree, or who are neither married nor in a long-term relationship, are more likely to intend to return.

Table 4.2 presents the mean values of each continuous variable for the full sample, and for those with and without return intentions. It shows that those who wish to return have a higher mean age and longer mean duration-of-stay in the host country. However, neither the mean values of age nor the mean values of duration-of-stay are significantly different by return intentions.

Table 4.2: Mean Values of Continuous Variables, by Return Intentions

	Full sample	Return intentions		*t*-test for equality of mean values (*p*-values)
		Yes	No	
Age	39.29	42.17	38.70	0.146
Duration-of-stay	12.91	14.00	12.69	0.586
Integration	0.00	-0.73	0.15	0.020
Ties	0.00	0.80	-0.16	<0.001
VA	0.00	-1.27	0.26	0.004
PV	0.00	-0.65	0.13	0.068
GE	0.00	-0.65	0.13	0.053
RQ	0.00	-0.37	0.08	0.264
RL	0.00	-0.87	0.18	0.020
CC	0.00	-0.66	0.13	0.053
Q	0.00	-1.89	0.39	0.016

Notes: The acronyms are the first principal components indicating the importance of different dimensions of institutional quality in Viet Nam to the return intentions of Vietnamese migrants. VA: Voice and Accountability. PV: Political Stability and Absence of Violence/Terrorism. GE: Government Effectiveness. RQ: Regulatory Quality. RL: Rule of Law. CC: Control of Corruption. Q: overall summary measure of institutional quality.

Integration is the first principal component of the following ten indicators of attachment to the *host* country: (1) Employment in the host country (employed or self-employed=1, otherwise=0), (2) Legal status in the host country (permanent residency or citizenship=1, otherwise=0), (3) Having close family member(s)[21] in the host country (yes=1, no=0), (4) Host country language fluency (yes=1, no=0), (5) Having friend(s) born in the host country (yes=1, no=0), (6) Member of association(s)[22] in the host country (yes=1, no=0), (7) Voting participation in the host country (yes=1, no=0), (8) Owning real estate in the host country (yes=1, no=0), (9) Owning a business in the host country (yes=1, no=0), and (10) Having investment project(s) in the host country (yes=1, no=0).

Ties is the first principal component of seven indicators of engagement with the *home* country: (1) Having close family member(s) in Viet Nam (yes=1, no=0), (2) Visiting Viet Nam (yes=1, no=0), (3) Member of association(s) in Viet Nam (yes=1, no=0), (4) Remitting money to Viet Nam (yes=1, no=0), (5) Owning real estate in Viet Nam (yes=1, no=0), (6) Owning a business in Viet Nam (yes=1, no=0), and (7) Having investment project(s) in Viet Nam (yes=1, no=0).

Integration and ties are measured by a score with a mean of zero. Higher scores for integration represent higher levels of attachment to the host country, while higher scores for ties represent a stronger linkage with Viet Nam. As reported in Table 4.2, the mean scores of integration and the mean scores of ties are significantly different by return intentions at least at the five per cent level. The mean score of integration among migrants intending to return is negative, but is positive among those who want to stay. This disparity implies that Vietnamese

[21] Close family members include spouses, dependent children, grown-up children, and parents.
[22] Associations can be transnational associations, professional associations, community associations, religious associations, or political parties.

migrants wishing to return have a weaker attachment to the host country. In contrast, the mean score of ties is positive among migrants who intend to return, but negative among those who are prone to staying. Therefore, Vietnamese migrants having return intentions demonstrate stronger engagement with Viet Nam.

The main focus of the questionnaire survey is to explore whether or not the quality of institutions in Viet Nam matters for the return intentions of Vietnamese migrants living in OECD countries. Because institutional quality is a multi-dimensional concept, we asked the respondents six sets of questions pointing to the respondents' perceptions of the different dimensions of institutional quality developed by Kaufmann et al. (1999). These dimensions include Voice and Accountability (VA), Political Stability and Absence of Violence/Terrorism (PV), Government Effectiveness (GE), Regulatory Quality (RQ), Rule of Law (RL), and Control of Corruption (CC). All of these questions were answered by means of five-point Likert scales. Initially, the respondents were asked to successively evaluate each dimension of institutional quality in their host countries and in Viet Nam. The purpose of these preliminary questions was to explore their perceptions of the disparity in institutional quality between the host and home countries. Analysing these answers, we found a robust consistency among the respondents regarding the divergence of institutional quality between their host countries and Viet Nam, where Viet Nam was perceived to have relatively lower quality of institutions.[23] Then, to collect data for the variable of interest, we designed sets of

[23] The respondents were asked to evaluate 30 items pointing to the six dimensions of institutional quality in their host countries and in Viet Nam by means of five-point Likert scales (*Very poor*, *Poor*, *Acceptable*, *Good*, and *Very good)*. To capture the perceived gap of institutional quality between their host countries and Viet Nam, we constructed an index that ranges from -30 (Viet Nam was perceived to have relatively lower quality of institutions across the items) to 30 (Viet Nam was perceived to have relatively higher quality of institutions across the items). The index increases by one unit if an item was reported to be better in Viet Nam. Conversely, the index

questions relating to each of the six dimensions of institutional quality, which asked respondents to state how important each of the dimensions of institutional quality in Viet Nam is to their return intentions. Thereby, we have six respective sets of answers – one set for each dimension. For each of the answer sets, we calculate the first principal component and interpret this principal component as an indicator of the importance of that dimension of institutional quality in Viet Nam. This procedure produces six first principal components (labelled *VA, PV, GE, RQ, RL,* and *CC*), which are all subjective measures of different dimensions of institutional quality as perceived by the migrants. We also use the first principal component calculated from the answers to all six sets as a summary measure of institutional quality overall (labelled *Q*). These seven indices are each measured as a score with a mean of zero. The higher the scores, the more importance Vietnamese migrants say that they place on institutional quality in Viet Nam when considering returning home. Given the respondents' perceptions of the relatively lower institutional quality in Viet Nam, the positive mean values of VA, PV, GE, RQ, RL, and Q found among migrants with no return intention in Table 4.2 imply that institutional quality in Viet Nam is likely to be a push factor. The mean values of six out of these seven indices, namely VA, PV, GE, RL, and Q, are significantly different by return intentions at least at the ten per cent level.

We acknowledge that our dataset has some limitations. First, there are some missing values associated with age, duration-of-stay, frequency of sending remittances to Viet Nam, real estate ownership in Viet Nam, and the Likert scale

decreases by one unit if an item was reported to be better in the host countries. The index remains unchanged if an item was reported to have no distinction between the host countries and Viet Nam. "*Don't know*" and missing answers do not alter the value of the index. According to our calculation, the index has a skewed-right distribution with a mean of -22.81. Moreover, 97.48 per cent of the index values are below zero, indicating that most of the respondents perceived that Viet Nam has relatively lower quality of institutions than that in their host countries.

answers relating to the respondents' perceptions of institutional quality. Missing values of age and duration-of-stay were replaced with their respective means. Missing values of other categorical variables were replaced with their respective medians. To signal imputation, we include missing data dummies in our regression models. Second, our sample size is small and excludes Vietnamese migrants living in non-OECD countries. Moreover, the respondents are self-selected as a result of the convenience sampling method and this reduces the representativeness the sample. Caution should therefore be taken when interpreting the results.

With our dataset in hand, we then use a logistic model to identify the relationship between return intentions and the importance of institutional quality in the home country, while controlling for the other main determinants of return intentions. Since the likelihood of having return intention varies across host country regions (see Table 4.1), we account for this heterogeneity in our logistic regressions by means of clustering standard errors at the host country regional level.

4.4 Results and Discussion

Table 4.3 reports the logistic regression results in odds ratios. Columns (1) to (6) refer to six regressions of the return intentions of Vietnamese migrants, in which each uses a single different dimension of the importance of institutional quality in Viet Nam as the variable of interest. In column (7) *Q* is used as an overall summary index capturing the importance of all six dimensions. The results generally demonstrate that Vietnamese migrants who place more importance on institutional quality in Viet Nam when considering repatriation, are less likely to wish to return. The odds ratio is less than one in all cases, but is only statistically significant for VA, GE, RQ, and RL. In other words, the quality of institutions in

Viet Nam does matter for the willingness of repatriation among the respondents, given the gap in institutional quality between the host countries and Viet Nam. Institutions are rules influencing how the economy works, and the incentives that motivate people (Acemoglu and Robinson, 2012). Therefore, the quality of institutions signals an important aspect of the conditions that migrants will face upon return. If migrants are mindful of institutional quality and perceive that institutional quality in the home country is not conducive to their post-repatriation future, they are less willing to return. This finding not only underlines the importance of institutional quality in migration studies, which has been recognized in research on the *ex post* outcomes of migration process, but also extends its significant role to return intentions of migrants.

The interpretation of the coefficients associated with the importance of institutional quality is based on the assumption that respondents' perception of the importance of institutional quality is uncorrelated with the errors in the logistic regression model. The inclusion of the two self-reported variables, which are return intentions and the importance of institutional quality, in the regression might raise the concern about circularity caused by reverse causality. More specifically, if respondents first evaluated the institutional quality gaps and declared that institutional quality in the home country matters, they were more likely to feel compelled to indicate that they do not wish to return. However, our questionnaire was designed to avoid such a survey reporting bias. In particular, respondents were asked to state their return intentions (Question 13 in Part 2) before answering questions on institutional quality evaluation and the importance of institutional quality (Questions 40-57 in Part 5). The sequence of the questionnaire dissipates the concern about the circularity issue.

Table 4.3: Estimates for Logit Model

Different dimensions of institutional quality	(1) VA	(2) PV	(3) GE	(4) RQ	(5) RL	(6) CC	(7) Q
Age	1.069	1.068	1.064**	1.060**	1.076*	1.075*	1.075*
	(0.052)	(0.044)	(0.032)	(0.028)	(0.041)	(0.045)	(0.047)
Gender	3.238	3.542	2.965	3.101	3.566	3.250	3.414
	(4.722)	(5.366)	(3.684)	(3.734)	(5.283)	(4.496)	(5.108)
Marital status	0.341**	0.354***	0.413***	0.437***	0.370***	0.390***	0.351***
	(0.150)	(0.118)	(0.096)	(0.108)	(0.049)	(0.086)	(0.075)
Education	1.511	1.206	1.100	0.939	1.015	0.942	1.147
	(0.785)	(0.630)	(0.678)	(0.587)	(0.598)	(0.694)	(0.682)
Duration-of-stay	1.000	0.997	1.007	1.008	0.997	1.000	0.994
	(0.025)	(0.024)	(0.010)	(0.012)	(0.017)	(0.023)	(0.024)
Integration	0.592*	0.583*	0.577*	0.572*	0.574	0.579*	0.593
	(0.176)	(0.172)	(0.169)	(0.174)	(0.204)	(0.179)	(0.193)
Ties	1.886*	2.019**	1.823***	1.989**	2.056*	1.940**	1.992**
	(0.621)	(0.669)	(0.398)	(0.552)	(0.760)	(0.584)	(0.685)
The importance of institutional quality	0.724*	0.723	0.797**	0.816*	0.711*	0.741	0.847
in the home country	(0.124)	(0.155)	(0.072)	(0.096)	(0.135)	(0.137)	(0.088)
Log pseudo-likelihood	-50.699	-52.372	-53.928	-54.240	-51.227	-52.803	-51.485

Notes: Factor change in odds of having return intention versus no return intention. Exponentiated coefficients. N = 159. Missing data indicators are included. Clustered standard errors by three regions of current host country (North America, Europe, and Asia and Oceania) are reported in parentheses.

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Regarding the other determinants of return migration intention, we see in Table 4.3 that the integration variable has an odds ratio that is consistently less than one. This suggests that a deeper level of integration in the host country is associated with a lower likelihood of intending to return. This effect is statistically significant in five out of seven specifications. In contrast, the odds ratios of ties are all greater than one and are statistically significant. They demonstrate a positive relationship between the level of attachment to Viet Nam and the willingness to return among the respondents. Putting it differently, those who have stronger linkages with Viet Nam, socially and economically, are more likely to report that they intend returning. In general, Vietnamese migrants who are weakly integrated in the host country and strongly tied with the home country are more likely to have repatriation intentions. These results are in line with the prediction of the integration–transnationalism matrix developed by Carling and Pettersen (2014).

Among the demographic control variables, age and marital status have significant impacts on the return intentions. Older migrants are more likely than younger migrants to want to return. Migrants who are married or in a long-term relationship are less likely than others to wish to return. The odds ratios of education are greater than one in five out of seven specifications, indicating that migrants with a postgraduate degree are more likely to intend to return. The contrast by gender is even greater, with the odds ratios suggesting that the odds of males returning are three times those of females. However, in the case of both education and gender, these odds ratios are not statistically significant. The effects of duration-of-stay are inconclusive.

We conducted several robustness checks. Firstly, we replaced the integration and ties variables by simple aggregations of their respective dichotomous indicators, rather than the first principal components. As reported in Table 4.6 in the Chapter Appendix, these additional results are qualitatively similar to the results presented in Table 4.3. Secondly, we re-estimated the logit model with a "*No*" response versus all other responses. Finally, we fitted an ordered logit model with ordinal outcomes ("*No*" = 1, "*I have never thought about this*" and "*Not sure*" = 2, and "*Yes*" = 3). The additional results obtained from these specifications (not shown here but available upon request) do not make any difference to the interpretation of the above discussed results.

The odds ratios associated with gender in the baseline regressions in Table 4.3 are notable for their large sizes and huge standard errors. As reported in Table 4.1, males have a much greater probability of intending to return than females (23 per cent versus 10 per cent respectively). This difference could potentially be due to heterogeneity by gender in the multivariate migration intentions model. To test this, we re-estimated the model with two sub-samples, one for each gender (82 males and 77 females). Table 4.4 shows that there is indeed considerable heterogeneity by gender. Remarkably, for females none of the odds ratios are statistically significant, while for males they are virtually all statistically significant. The odds ratios for age, marital status, integration, ties, and the importance of institutional quality estimated with the sub-sample of males are qualitatively similar to those obtained with the pooled data. Additionally, the odds ratios of duration-of-stay, which are not significant when using the pooled data, become consistently statistically significant for the males-only sub-sample. All other things being equal, men who have stayed longer in the host country are less

likely to report an intention to return to Viet Nam. This finding is in line with the widely known cumulative inertia effect in the migration literature. The effect of education remains inconclusive.

To tease out the unexplained return intentions of Vietnamese female migrants, we deconstruct integration and ties into separate dimensions, including *social integration, structural integration, social ties,* and *economic ties*. These indices are measured as simple aggregations of their respective dichotomous indicators. We follow several studies in the literature (Anniste and Tammaru, 2014; de Haas et al., 2014; Paparusso and Ambrosetti, 2017), and posit that social integration encompasses legal status, having close family member(s) in the host country, language fluency, having friend(s) born in the host country, member of association(s) in the host country, and voting in the host country. With respect to structural integration, we assume that this comprises employment, owning real estate or a business in the host country, and having investment project(s) in the host country. Social ties are reflected in having close family member(s) in Viet Nam, visiting Viet Nam, sending remittances to Viet Nam, and being a member of association(s) in Viet Nam. Finally, economic ties are measured by owning real estate or a business in Viet Nam, and having investment project(s) in Viet Nam. As reported in Table 4.5, significant predictors of the return intentions of female migrants are structural integration and economic ties. The more that female migrants are structurally integrated in the host country, the less likely they are to report an intention to return. On the other hand, economic ties with Viet Nam increase the likelihood of having return intentions. The direction of the effects of these predictors are consistent with those of integration and ties found in the baseline regressions using the full sample. Interestingly, the return intentions of

Table 4.4: Estimates for Logit Model by Gender

Different dimensions of institutional quality	(1) VA	(2) PV	(3) GE	(4) RQ	(5) RL	(6) CC	(7) Q	(8) VA	(9) PV	(10) GE	(11) RQ	(12) RL	(13) CC	(14) Q
	Male							Female						
Age	1.265***	1.198***	1.203***	1.206***	1.259***	1.231***	1.271***	0.983	0.986	0.987	0.989	0.994	0.995	0.991
	(0.085)	(0.020)	(0.045)	(0.060)	(0.059)	(0.076)	(0.088)	(0.013)	(0.030)	(0.014)	(0.018)	(0.028)	(0.028)	(0.030)
Marital status	0.039***	0.066***	0.083**	0.072**	0.030***	0.060***	0.028**	0.555	0.619	0.617	0.673	0.697	0.616	0.626
	(0.046)	(0.025)	(0.087)	(0.086)	(0.035)	(0.063)	(0.040)	(0.499)	(0.690)	(0.705)	(0.816)	(0.940)	(0.718)	(0.750)
Education	1.304	0.816	0.665	0.583***	0.558***	0.532	0.716	1.983	1.768	1.834	1.686	1.909	1.789	1.915
	(0.544)	(0.269)	(0.173)	(0.065)	(0.030)	(0.219)	(0.181)	(1.615)	(1.358)	(1.598)	(1.217)	(1.639)	(1.428)	(1.653)
Duration-of-stay	0.903***	0.924**	0.935***	0.928***	0.910***	0.922**	0.896***	0.992	0.987	0.988	0.985	0.982	0.990	0.988
	(0.028)	(0.034)	(0.005)	(0.019)	(0.011)	(0.034)	(0.027)	(0.078)	(0.070)	(0.067)	(0.060)	(0.048)	(0.056)	(0.062)
Integration	0.569***	0.581***	0.562***	0.556***	0.581**	0.563***	0.612**	0.665	0.645	0.643	0.642	0.637	0.646	0.652
	(0.087)	(0.106)	(0.082)	(0.101)	(0.153)	(0.093)	(0.141)	(0.319)	(0.303)	(0.338)	(0.328)	(0.342)	(0.334)	(0.332)
Ties	3.096***	3.264***	2.702***	3.309***	3.969***	3.221***	3.687***	1.421	1.405	1.395	1.451	1.429	1.435	1.428
	(0.551)	(0.900)	(0.152)	(0.478)	(0.887)	(0.792)	(0.947)	(0.449)	(0.456)	(0.423)	(0.482)	(0.487)	(0.488)	(0.462)
The importance of institutional quality	0.541***	0.565*	0.673***	0.693*	0.550***	0.624*	0.724**	0.889	0.973	0.951	0.891	0.848	0.831	0.935
	(0.068)	(0.178)	(0.088)	(0.135)	(0.119)	(0.179)	(0.104)	(0.229)	(0.294)	(0.117)	(0.124)	(0.229)	(0.222)	(0.135)
N	82	82	82	82	82	82	82	77	77	77	77	77	77	77
Log pseudo-likelihood	-22.569	-26.020	-27.620	-28.119	-24.704	-26.875	-24.277	-21.631	-21.859	-21.845	-21.747	-21.499	-21.515	-21.647

Notes: Factor change in odds of having return intention versus no return intention. Exponentiated coefficients. Missing data indicators are not included. Clustered standard errors by three regions of current host country (North America, Europe, and Asia and Oceania) are reported in parentheses.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 4.5: Estimates for Logit Model using Deconstructed Integration and Ties Variables

Different dimensions of institutional quality	(1) VA	(2) PV	(3) GE	(4) RQ	(5) RL	(6) CC	(7) Q	(8) VA	(9) PV	(10) GE	(11) RQ	(12) RL	(13) CC	(14) Q
	Male							Female						
Age	1.231***	1.167***	1.175***	1.174***	1.213***	1.201***	1.224***	0.974*	0.979	0.981	0.980	0.985	0.985	0.982
	(0.082)	(0.009)	(0.037)	(0.052)	(0.055)	(0.043)	(0.071)	(0.014)	(0.034)	(0.021)	(0.023)	(0.028)	(0.027)	(0.029)
Marital status	0.047**	0.076***	0.094**	0.087*	0.042**	0.066***	0.039**	0.609	0.671	0.671	0.692	0.724	0.636	0.670
	(0.066)	(0.049)	(0.101)	(0.117)	(0.053)	(0.069)	(0.055)	(0.537)	(0.680)	(0.738)	(0.796)	(0.886)	(0.673)	(0.748)
Education	1.131	0.737	0.642	0.558*	0.553**	0.492*	0.680	2.708	2.411	2.561	2.372	2.639	2.450	2.599
	(0.696)	(0.207)	(0.296)	(0.166)	(0.167)	(0.207)	(0.298)	(2.467)	(2.019)	(2.434)	(1.900)	(2.544)	(2.040)	(2.447)
Duration-of-stay	0.916***	0.938***	0.948***	0.945***	0.928***	0.935***	0.916***	1.004	0.989	0.993	0.989	0.989	1.000	0.996
	(0.025)	(0.023)	(0.004)	(0.017)	(0.003)	(0.014)	(0.014)	(0.088)	(0.063)	(0.047)	(0.047)	(0.035)	(0.044)	(0.055)
Social integration	0.841	0.849	0.807	0.804	0.815	0.837	0.853	0.926	0.902	0.907	0.898	0.895	0.926	0.917
	(0.388)	(0.334)	(0.237)	(0.224)	(0.341)	(0.269)	(0.384)	(0.429)	(0.422)	(0.487)	(0.468)	(0.451)	(0.472)	(0.446)
Structural integration	0.475	0.460*	0.466*	0.444*	0.531	0.440	0.526	0.464**	0.480***	0.471***	0.482***	0.475**	0.460**	0.469**
	(0.279)	(0.190)	(0.200)	(0.217)	(0.287)	(0.232)	(0.307)	(0.177)	(0.133)	(0.137)	(0.121)	(0.142)	(0.155)	(0.158)
Social ties	2.188***	2.369***	2.096***	2.284***	2.368***	2.239***	2.264***	1.418	1.424	1.432	1.413	1.381	1.395	1.410
	(0.250)	(0.275)	(0.061)	(0.036)	(0.237)	(0.139)	(0.322)	(0.451)	(0.499)	(0.477)	(0.494)	(0.423)	(0.445)	(0.439)
Economic ties	3.481***	3.834***	3.218***	3.982***	4.646***	4.119***	4.308***	1.291	1.250	1.231***	1.269**	1.279*	1.315**	1.288*
	(0.633)	(0.864)	(0.613)	(0.781)	(0.531)	(0.162)	(0.240)	(0.204)	(0.189)	(0.066)	(0.132)	(0.170)	(0.165)	(0.180)
The importance of institutional quality	0.573***	0.617*	0.721***	0.776	0.615**	0.657**	0.764**	0.877	0.982	0.931	0.957	0.874	0.843	0.940
	(0.079)	(0.158)	(0.083)	(0.162)	(0.125)	(0.129)	(0.090)	(0.280)	(0.344)	(0.120)	(0.124)	(0.227)	(0.215)	(0.142)
N	82	82	82	82	82	82	82	77	77	77	77	77	77	77
Log pseudo-likelihood	-23.463	-26.618	-27.993	-28.598	-25.994	-27.168	-25.421	-21.317	-21.587	-21.547	-21.572	-21.335	-21.278	-21.408

Notes: Factor change in odds of having return intention versus no return intention. Exponentiated coefficients. Missing data indicators are not included. Clustered standard errors by three regions of current host country (North America, Europe, and Asia and Oceania) are reported in parentheses.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

female migrants are unrelated to the extent to which they are concerned about the lower institutional quality in Viet Nam, whereas the difference in institutional quality between the home and host country matters a lot to the males.

4.5 Conclusions

In this paper, we extend the salience of institutional quality in international migration to an under-researched aspect: return intentions. Previous work has shown how important institutional quality has been *ex post* when analysing return migration to Viet Nam (see Tran et al., 2018). The current study enriches the literature by providing empirical evidence that institutional quality in the home country also matters for return migration *ex ante*. By examining the return intentions of Vietnamese migrants living in OECD countries, we find that Vietnamese migrants who report that institutional quality in Viet Nam (which has been relatively lower than that in OECD countries) is more important to them are less likely to intend to return to Viet Nam. The perception of unfavourable institutional quality back home reduces their willingness to repatriate. In line with the prediction of the integration–transnationalism matrix, Vietnamese migrants with weaker attachment to the host country and stronger linkages with the home country are more likely to intend to return. Notably, the effect of homeland ties is larger than the effect of host country integration. Therefore, our findings suggest that Vietnamese policy makers can potentially boost return migration by promoting homeland engagement among the Vietnamese diaspora. Facilitating home ownership and encouraging business activities by the diaspora in Viet Nam, and other transnational practices, appear to be promising areas for policy intervention.

More generally, the effectiveness of any policy measures implemented to promote return migration for development is naturally dependent on the contextual factors in the home country. In developing countries where there are still constraints to creating better institutions, policies that aim to encourage return migration are less likely to be effective since low institutional quality is acting as a push factor. Consequently, it is of pivotal importance to combine policies encouraging return migration with institutional reforms to make the home country more attractive to potential returnees.

References

Acemoglu, D., & Robinson, J. A. (2012). *Why nations fail: The origins of power, prosperity and poverty* (1st ed.). New York: Crown Publishers.

Agadjanian, V., Gorina, E., & Menjívar, C. (2014). Economic Incorporation, Civil Inclusion, and Social Ties: Plans to Return Home among Central Asian Migrant Women in Moscow, Russia. *International Migration Review*, *48*(3), 577–603.

Alberts, H. C., & Hazen, H. D. (2005). "There are always two voices…": International Students' Intentions to Stay in the United States or Return to their Home Countries. *International Migration*, *43*(3), 131–154.

Anniste, K., & Tammaru, T. (2014). Ethnic differences in integration levels and return migration intentions: A study of Estonian migrants in Finland. *Demographic Research*, *30*(13), 377–412.

Baudassé, T., Bazillier, R., & Issifou, I. (2018). Migration and Institutions: Exit and Voice (from Abroad)? *Journal of Economic Surveys*, *32*(3), 727-766.

Bilgili, Ö., & Siegel, M. (2017). To return permanently or to return temporarily? Explaining migrants' intentions. *Migration and Development*, *6*(1), 14–32.

Carling, J., & Pettersen, S. V. (2014). Return Migration Intentions in the Integration–Transnationalism Matrix. *International Migration*, *52*(6), 13–30.

Caro, R., Fernández, M., & Valbuena, C. (2016). Predicting return intentions in Madrid. *Migration Letters*, *13*(1), 116–130.

Cassarino, J.-P. (2004). Theorising Return Migration: The Conceptual Approach to Return Migrants Revisited. *International Journal on Multicultural Societies*, *6*(2), 253–279.

Cerase, F. P. (1974). Expectations and Reality: A Case Study of Return Migration from the United States to Southern Italy. *International Migration Review*, *8*(2), 245–262.

Chabé-Ferret, B., Machado, J., & Wahba, J. (2016). Return Plans and Migrants' Behavior. *IZA Discussion Papers 10111*. Bonn: Institute for the Study of Labor (IZA).

de Haas, H., & Fokkema, T. (2011). The effects of integration and transnational ties on international return migration intentions. *Demographic Research*, *25*, 755–782.

de Haas, H., Fokkema, T., & Fihri, M. F. (2014). Return Migration as Failure or Success? *Journal of International Migration and Integration*, *16*(2), 415–429.

Dustmann, C., & Görlach, J.-S. (2016). The Economics of Temporary Migrations. *Journal of Economic Literature*, *54*(1), 98–136.

Dustmann, C., & Mestres, J. (2010). Remittances and temporary migration. *Journal of Development Economics*, *92*(1), 62–70.

Güngör, N. D., & Tansel, A. (2014). Brain Drain from Turkey: Return Intentions of Skilled Migrants. *International Migration*, *52*(5), 208–226.

Jensen, P., & Pedersen, P. J. (2007). To Stay or Not to Stay? Out-Migration of Immigrants from Denmark. *International Migration*, *45*(5), 87–113.

Kaufmann, D., Kraay, A., & Zoido-Lobatón, P. (1999). Governance Matters. *Policy Research Working Paper*. The World Bank.

Morrison, P. A. (1967). Duration of Residence and Prospective Migration: The Evaluation of a Stochastic Model. *Demography*, *4*(2), 553–561.

OECD. (2008). *International Migration Outlook: SOPEMI - 2008 Edition*. France: OECD.

Paparusso, A., & Ambrosetti, E. (2017). To stay or to return? Return migration intentions of Moroccans in Italy. *International Migration*, *55*(6), 137–155.

Pham, A. T. (2011). The Returning Diaspora: Analyzing overseas Vietnamese (Viet Kieu) Contributions toward Vietnam's Economic Growth. *DEPOCEN Working Paper Series No. 2011/20*. Vietnam: Development and Policies Research Center (DEPOCEN).

Ratha, D. K., Plaza, S., & Dervisevic, E. (2016). *Migration and Remittances Factbook 2016*. Washington, D.C.: World Bank Group.

Tran, N. T. M., Cameron, M. P., & Poot, J. (2018). Local Institutional Quality and Return Migration: Evidence from Viet Nam. *International Migration*, https://doi.org/10.1111/imig.12451.

United Nations. (2017). *Trends in International Migrant Stock: The 2017 Revision* (POP/DB/MIG/Stock/Rev.2017). Department of Economic and Social Affairs, Population Division.

Wahba, J. (2014). Return Migration and Economic Development. In *International Handbook on Migration and Economic Development* (pp. 327–349). Great Britain: Edward Elgar Publishing.

Waldorf, B. (1995). Determinants of International Return Migration Intentions. *The Professional Geographer*, *42*(2), 125–136.

Waldorf, B., & Esparza, A. (1991). A parametric failure time model of international return migration. *Papers in Regional Science*, *70*(4), 419–438.

Wolff, F.-C. (2015). Do the Return Intentions of French Migrants Affect Their Transfer Behaviour? *The Journal of Development Studies*, *51*(10), 1358–1373.

Chapter Appendix

Table 4.6: Estimates for Logit Model using Integration and Ties Measured as Simple Aggregations

Different dimensions of institutional quality	(1) VA	(2) PV	(3) GE	(4) RQ	(5) RL	(6) CC	(7) Q
Age	1.060	1.058*	1.057**	1.050**	1.065**	1.065*	1.065*
	(0.041)	(0.033)	(0.025)	(0.021)	(0.029)	(0.035)	(0.035)
Gender	3.082	3.353	2.880	2.947	3.267	3.080	3.188
	(4.413)	(5.027)	(3.652)	(3.561)	(4.608)	(4.184)	(4.604)
Marital status	0.361***	0.375***	0.422***	0.446***	0.383***	0.397***	0.369***
	(0.126)	(0.097)	(0.075)	(0.087)	(0.031)	(0.064)	(0.056)
Education	1.596	1.281	1.205	1.072	1.149	1.062	1.241
	(0.945)	(0.749)	(0.794)	(0.690)	(0.713)	(0.795)	(0.800)
Duration-of-stay	1.006	1.005	1.012	1.016	1.004	1.007	1.002
	(0.020)	(0.018)	(0.009)	(0.011)	(0.013)	(0.018)	(0.018)
Integration	0.683*	0.676*	0.675**	0.668**	0.679*	0.677*	0.689*
	(0.142)	(0.142)	(0.135)	(0.137)	(0.155)	(0.141)	(0.150)
Ties	1.753	1.878*	1.722**	1.830**	1.855*	1.799*	1.826*
	(0.628)	(0.688)	(0.456)	(0.543)	(0.672)	(0.582)	(0.660)
The importance of institutional quality	0.735**	0.744	0.808***	0.865	0.745**	0.766*	0.862*
in the home country	(0.115)	(0.152)	(0.066)	(0.087)	(0.109)	(0.118)	(0.076)
Log pseudo-likelihood	-52.070	-53.852	-55.148	-55.836	-53.149	-54.307	-53.176

Notes: Factor change in odds of having return intention versus no return intention. Exponentiated coefficients. N = 159. Missing data indicators are included. Clustered standard errors by three regions of current host country (North America, Europe, and Asia & Oceania) are reported in parentheses.

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Chapter 5: What are Migrants Willing to Pay for Better Home Country Institutions?[24]

5.1 Introduction

Institutions of various types have been recognized as important drivers of the spatial mobility of people. The quality of institutions not only shapes emigration (Baudassé et al., 2018), but also matters for return migration decisions (Tran et al., 2018a) and return migration intentions (Tran et al., 2018b). The persistent gap in institutional quality between countries encourages individuals and families to emigrate from countries governed by weak institutions, and steers them to destinations with advanced institutions. The literature on the motivations for return migration argues that migrants have an intrinsic preference for the home country, and that positive homeland amenities are strong pull factors influencing return migration decisions (Gmelch, 1980). Because migrants might gain higher utility from consumption in the home country, some of them would be willing to give up positive wage differentials and higher living standards in developed host countries to return to less developed home countries to maximize their life-course utility (OECD, 2008). However, return migration is also sensitive to the home-country social and institutional context (Cassarino, 2004). Empirically, poor quality of institutions in the home country acts as a negative pull factor, reducing the willingness of migrants to return (Tran et al., 2018b).

Given migrants' preference for the home country and the importance of institutional quality in return migration decisions, migrants would be better off if

[24] This chapter is currently under review:
Tran, N. T. M., Cameron, M. P., & Poot, J. (forthcoming). What are Migrants Willing to Pay for Better Home Country Institutions?. *Economic Inquiry*.

the institutional quality gap was reduced or eliminated. A question arises as to how strong the preferences of diasporas are for home-country institutional quality. In other words, are migrants living in a host country with higher institutional quality willing to pay for an improvement in the institutional quality in their home country? The current study addresses this question by estimating the compensating variation, which is the maximum that Vietnamese migrants living in NZ would be willing to pay for better institutional quality in VN, using the contingent valuation method (CVM). The CVM is a survey technique that has been widely used to elicit the economic trade-off a person would make when presented with a hypothetical choice, and is frequently used to estimate the value of non-market goods or services (Carson, 2012; Kling et al., 2012). This study pioneers the measurement of the implicit monetary value of an improvement in institutional quality by means of the CVM applied to the return migration channel. Notably, this is the first application of the CVM to measuring the willingness to pay for institutional quality, using a survey of migrants.

The remainder of this article is organized as follows. Section 5.2 establishes the theoretical background. Section 5.3 describes the research design and data. Section 5.4 reports the results. Section 5.5 concludes.

5.2 Theoretical Background

In the static human capital model, migration is determined by exogenous wages, economic costs of migration, and *inter alia* the quality of institutions (see Bodvarsson et al., 2015). Chiswick (1999) broadly defined migration costs to include the fixed monetary costs of moving and the full costs (monetary and psychic) of relocating in, and adjusting to, the destination. The full costs of relocation are individual-specific, and depend on a migrant's skills, his or her

preference for the home country, and contextual conditions in both the home and host countries (Clark et al., 2007; Grogger and Hanson, 2011; Hatton and Williamson, 2011). To capture the effects of institutions, Hatton and Williamson (2011) used the compensating differential to represent the non-economic preference of a potential migrant for the home country. If institutional quality in the home country is worse than that in the host country, the compensating differential in favour of the home country will be negative, thereby increasing the net benefit of migration. Isolating the influence of wage differences, migration costs, and institutional quality, migration decisions depend on the net benefit gained from the before tax wage change (purchasing power corrected) in the host country compared with the home country, net of migration costs and the compensating differential for institutional quality in the home country. Theoretically, migration decisions depend on both the after tax wage difference and the tax difference, with the tax "buying" utility-yielding public goods. Therefore, it is possible to refer to the before tax wage difference in this identification by assuming that the income-adjusted level of public goods in both countries is the same and funded by the tax rate multiplied by the gross wage. Institutional quality can then be interpreted as measuring the quality of the public goods.

Appling the static human capital framework to the return migration decisions of Vietnamese migrants living in NZ, the net benefit gained by an individual with skill i when considering returning from NZ to VN permanently (labelled $NB^i_{NZ\to VN}$) is given by:

$$NB^i_{NZ\to VN} = W^i_{VN} - W^i_{NZ} - MC^i_{NZ\to VN} - IQ^i_{NZ-VN} \quad (1)$$

where W_j^i is the before tax wage rate of an individual with skill *i* in country *j* = *{NZ,VN}*, $MC_{NZ\to VN}^i$ represents net return migration costs (corrected for the psychic costs of living abroad and the difference in amenities between the two countries) incurred when an individual with skill *i* returns from *NZ* to *VN*, and IQ_{NZ-VN}^i denotes the compensating *differential* in favour of institutional quality in NZ of an individual with skill *i* (i.e. $IQ_{NZ-VN}^i > 0$). All variables are measured for the same time period, i.e. interpreted as costs or benefits per period. Note that for most Vietnamese migrants living in NZ, $W_{VN}^i < W_{NZ}^i$, and $MC_{NZ\to VN}^i > 0$, which renders $NB_{NZ\to VN}^i < 0$. Since there is some return migration actually observed, $MC_{NZ\to VN}^i < 0$ for those migrants and the following would hold: $-MC_{NZ\to VN}^i > W_{NZ}^i - W_{VN}^i + IQ_{NZ-VN}^i$. An individual is indifferent between residing in NZ and returning to VN when $NB_{NZ\to VN}^i$ in Equation (1) is equal to zero, which implies that:

$$W_{NZ}^i = W_{VN}^i - MC_{NZ\to VN}^i - IQ_{NZ-VN}^i \quad (2)^{25}$$

or

$$IQ_{NZ-VN}^i = W_{VN}^i - W_{NZ}^i - MC_{NZ\to VN}^i \quad (3)$$

Estimates of the differential in favour of institutional quality in NZ, IQ_{NZ-VN}^i, can be obtained by means of Equation (3). The higher Vietnamese migrants living in NZ perceive institutional quality in NZ to be relative to that in VN, the greater IQ_{NZ-VN}^i will be, thereby decreasing the net benefit of returning to VN. Consequently, they would require a much higher wage rate in VN, W_{VN}^i,

[25] It is possible that $W_{VN}^i > W_{NZ}^i$, but for most people who are actually indifferent $W_{VN}^i < W_{NZ}^i$. Equation (2) still holds because $MC_{NZ\to VN}^i$ is negative and IQ_{NZ-VN}^i is positive. $MC_{NZ\to VN}^i$ is negative because $MC_{NZ\to VN}^i$ is the difference between the monetary costs of return migration and the psychic costs of staying in NZ. The psychic costs are much larger than the monetary costs. If that were not the case, there is no single person who is indifferent, i.e. Equation (2) applies to no-one because $W_{NZ}^i - W_{VN}^i > 0$ but $-MC_{NZ\to VN}^i - IQ_{NZ-VN}^i < 0$.

relative to their current wage rate in NZ, W_{NZ}^{i}, to offset the perceived gap in institutional quality between the two countries in order to be indifferent between living in NZ and repatriating to VN.

The required wage rate in VN may be elicited by means of contingent valuation (CV) questions. The discrepancy between the required wage rate in VN and the current wage rate in NZ establishes a wage differential known as an equivalent variation for a potential unfavourable change in institutional quality resulting from repatriation, given the expected migration costs, psychic costs and the amenities available in NZ and VN. This wage differential can then be used as a starting point when comparing hypothetical scenarios that involve varying institutional quality in VN, controlling for other differences between VN and NZ.

5.3 Research Design and Data

This study scrutinizes primary data collected using a survey of Vietnamese migrants living in NZ in 2016. The multi-purpose questionnaire included two CV questions designed to establish the compensating differentials that make the respondents indifferent between living in NZ and returning to VN. The two CV questions, which took the form of payment cards with ascending categories, allowed the respondents to choose required income intervals. Each CV question was followed by an open-ended question, asking the respondents to state an exact amount of income within their chosen intervals. If the respondents did not answer the open-ended questions, the mid-point method was applied to transform the required income intervals into continuous variables. Before answering the CV questions, the respondents were asked several questions related to their background characteristics, migration experience, integration in NZ, ties with VN,

evaluation of institutional quality in the two countries, and the importance of institutional quality in VN to their repatriation intentions.

The first CV question – "*Given your perceptions of the difference in institutional quality between NZ and VN, what would be the smallest level of weekly income before tax in VN where you would be happy moving back to VN permanently?*" – was designed to establish the weekly income in VN that would make the respondents indifferent between living in NZ and moving back to VN permanently. This income then compensates for the perceived differences in institutional quality and other amenities between the two countries, as well as migration costs. Hence:

$$CV1_{VN}^{i} = W_{NZ}^{i} \mp MC_{NZ \to VN}^{i} + IQ_{NZ-VN}^{i} \quad (4)$$

where $CV1_{VN}^{i}$ is the smallest weekly income in VN that renders $NB_{NZ \to VN}^{i}$ in Equation (1) greater than zero. $CV1_{VN}^{i}$ indicates the required income elicited by means of the first CV question.

The second CV question – "*Now imagine that the institutional quality in VN changed so that it was equal to NZ in all ways (and everything else remained the same). If this happened, what would be the smallest level of weekly income before tax in VN where you would be happy moving back to VN permanently?"* – was designed to determine the weekly income in VN that would make the respondents indifferent between residing in NZ and returning to VN permanently, given a hypothetical scenario where the institutional quality gap between the two countries was eliminated, i.e. $IQ_{NZ-VN}^{i} = 0$, but all other differences between the countries remained the same. As a result of holding institutional quality in both countries equal, this required income differential includes the compensation for

the perceived costs of return migration from NZ to VN, also accounting for differences in amenities and psychic costs. Substituting, IQ^i_{NZ-VN} = 0 in Equation (4), we get:

$$CV2^i_{VN} = W^i_{NZ} \mp MC^i_{NZ \to VN} \quad (5)$$

where $CV2^i_{VN}$ denotes the smallest level of weekly income before tax in VN that renders $NB^i_{NZ \to VN}$ in Equation (1) greater than zero under the assumption that there is no loss in institutional quality when migrating from NZ to VN. $CV2^i_{VN}$ exhibits the required income elicited by means of the second CV question.

By subtracting $CV2^i_{VN}$ from $CV1^i_{VN}$, we establish the weekly compensating differential for the perceived difference in institutional quality between NZ and VN, *ceteris paribus*:

$$CV1^i_{VN} - CV2^i_{VN} = W^i_{NZ} + MC^i_{NZ \to VN} + IQ^i_{NZ-VN} - W^i_{NZ} - MC^i_{NZ \to VN} - 0 = IQ^i_{NZ-VN} \quad (6)$$

This compensating differential can be referred as the respondent's willingness to pay (WTP), i.e. the maximum amount of money that the respondent would be willing to give up per week, during the rest of his or her working life, for an improvement in institutional quality in VN that is enough to offset his or her perceived gap in institutional quality between the two countries. Since W^i_{NZ} and $MC^i_{NZ,VN}$ in Equations (4) and (5) cancel out as a result of the subtraction, the WTP is the difference between the required amounts of income elicited by means of the CV questions, given by:

$$WTP^i_{NZ=VN} = CV1^i_{VN} - CV2^i_{VN} \quad (7)$$

A major strength of the WTP calculation in Equation (7) is that it is independent of respondents' current income in NZ, which might subject to measurement error and which many respondents may be reluctant to provide accurate answers to, and

independent of return migration costs and psychic costs, which are hard to capture in a survey.

However, the perceived gap in institutional quality between the two countries will vary across respondents. Hence, a metric for institutional quality needs to be designed in order to define the WTP for a one-unit improvement in institutional quality. The latter can be calculated by dividing the left-hand side of Equation (7) by the individually perceived gap in institutional quality in predefined units. The respondents' perceptions of the disparity in institutional quality between NZ and VN were explored by means of questions asking the respondents to successively evaluate 30 items pointing to different dimensions of institutional quality[26] in the two countries. These questions were answered by five-point Likert scales (*Very poor, Poor, Acceptable, Good, and Very good*). The Likert scales were assigned scores ranging from one to five, where higher scores corresponded to better institutional quality, as subjectively perceived by the respondents. The perceived gap within an item is the score of that item in NZ minus the score of the same item in VN. For instance, if an item was scored five (*Very good*) in NZ and three (*Acceptable*) in VN, the perceived gap of that item is two units. Since there are 30 items, the overall perceived gap in institutional quality between the two countries is the average value of 30 perceived gaps, rounded to the nearest integer.[27] As a result, the marginal willingness to pay $MWTP^{i}_{NZ=VN}$ is calculated as:

[26] These dimensions were developed by Kaufmann et al. (1999), including Voice and Accountability, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption.

[27] Items with "*Don't know*" answers do not contribute to the overall average perceived gap. If a respondent gave a score for institutional quality in NZ and consistently chose "*Don't know*" when evaluating institutional quality in VN, the overall perceived gap of institutional quality between the two countries was assumed to be at the lowest level, i.e. one.

$$MWTP^{i}_{NZ=VN} = WTP^{i}_{NZ=VN} / F(IQ^{i}_{NZ-VN}) \quad (8)$$

where $F(IQ^{i}_{NZ-VN})$ is the index of an individual's perceived institutional quality difference between NZ and VN, calculated as outlined above. Equation (8) measures the WTP for a one-unit improvement in institutional quality in VN. The estimated MWTP of individuals represents the implicit monetary value of an improvement in institutional quality in VN by one unit, benchmarked against institutional quality in NZ as per the perception of the respondents, elicited via the return migration channel. Finally, we run multivariate regressions using the ordinary least squares (OLS) estimator to identify the determinants of the estimated MWTP.

Table 5.1 describes the variables of the multivariate analysis and provides descriptive statistics for our sample characteristics. Our useable sample contains 64 respondents who completed the questionnaire distributed to Vietnamese individuals and associations in NZ as either a web-survey (n=37) or a written survey (n=27). The respondents were recruited through posts on Facebook pages of Vietnamese associations in NZ (web-survey), or directly through Vietnamese associations in NZ (written survey). A response rate cannot be calculated as the number of invitations that were received is unknown.

Table 5.1: Description of Variables and Sample Characteristics

Variable	Description	N	Mean	SD	Min	Max
MWTP	The willingness to pay for a one-unit of improvement in institutional quality in VN benchmarked against institutional quality in NZ, as per the perception of the respondents (New Zealand dollars - NZD)	64	79.8	216.91	-500.31	700
Age	Years from the reported date of birth to 1 January 2017	64	37.84	10.16	23	70
Gender	Male=1, female=0	64	0.47	0.50	0	1
Marital status	Married or in a long-term relationship=1, otherwise=0	64	0.63	0.49	0	1
Education	Having a postgraduate degree=1, otherwise=0	64	0.33	0.47	0	1
Current income	Weekly income before tax in NZ (NZD) in 2016	64	609.14	328.71	0	1,385
Duration-of-stay	Years from the reported date of first emigration to 1 January 2017	64	11.39	9.23	1	38
Legal status	Permanent residency or citizenship in NZ=1, otherwise=0	64	0.70	0.46	0	1
Return intention	Yes=1, otherwise=0	64	0.17	0.38	0	1
Integration	The first principal component of nine indicators: (1) Employment in NZ (employed or self-employed=1, otherwise=0), (2) Having close family member(s) in NZ (yes=1, no=0), (3) English fluency (yes=1, no=0), (4) Having friend(s) born in NZ (yes=1, no=0), (5) Member of association(s) in NZ (yes=1, no=0), (6) Voting participation in NZ (yes=1, no=0), (7) Owning real estate in NZ (yes=1, no=0), (8) Owning a business in NZ (yes=1, no=0), and (9) Having investment project(s) in NZ (yes=1, no=0)	64	0	1.63	-2.82	2.6
Ties	The first principal component of seven indicators: (1) Having close family member(s) in VN (yes=1, no=0), (2) Frequency of visiting VN (yes=1, no=0), (3) Member of association(s) in VN (yes=1, no=0), (4) Frequency of remitting money to VN (yes=1, no=0), (5) Owning real estate in VN (yes=1, no=0), (6) Owning a business in VN (yes=1, no=0), and (7) Having investment project(s) in VN (yes=1, no=0)	64	0	1.48	-1.54	5.77
The importance of institutional quality	The first principal component of 30 five-point Likert-scale answers, presenting the self-reported importance of institutional quality in VN to the respondents' return intentions	64	0	4.31	-10.46	6.80

Notes: Close family members include spouses, dependent children, grown-up children, and parents. Associations include transnational associations, professional associations, community associations, religious associations, and political parties. Integration, ties and the importance of institutional quality are measured by a score with a mean of zero. Higher scores for integration represent higher levels of attachment to the host country. Higher scores for ties represent a stronger linkage with VN. Higher scores for the importance of institutional quality indicate that the respondents placed more importance on institutional quality in VN when considering repatriation. Missing values of the continuous variables were replaced with their respective means. Missing values of the categorical variables were replaced with their respective medians.

5.4 Results

As report in Table 5.1, the estimated MWTP is, on average, 79.80 NZD per week. This is about 13 per cent of the income a Vietnamese migrant earned per week on average in NZ in 2016 but is roughly 33 per cent of the average weekly wage in VN.[28] This is the compensating variation that the respondents would be willing to give up per week for the rest of their working lives in exchange for an improvement in institutional quality in VN by one unit benchmarked against institutional quality in NZ as per the perception of the respondents. This compensating variation represents the implicit monetary value of a positive change in institutional quality in VN elicited by means of the CV questions administered to Vietnamese migrants living on NZ.

Table 5.2: Pearson's Correlations of MWTP and Continuous Variables

	MWTP
Age	0.30**
Current income	0.04
Duration-of-stay	0.26**
Integration	0.19
Ties	0.04
The importance of institutional quality	0.20

Notes: N=64. ** $p < 0.05$.

To identify the determinants of the estimated MWTP, we initially conduct bivariate analyses. Table 5.2 reports Pearson's correlation coefficients between MWTP and the continuous variables. Although MWTP is positively correlated with all of the continuous variables, only age and duration-of-stay have a statistically significant correlation with MWTP at the five per cent level of significance. Table

[28] The average weekly wage in VN was 243.72 NZD in 2016. This number was calculated from the Labour Market Reports published by the Ministry of Labour – Invalids and Social Affairs of VN (MOLISA) and converted to NZ dollars at the 2016 purchasing power parity (PPP) exchange rate of 5,113.55 VN dongs per NZ dollar, calculated using data on the Implied PPP Conversion Rate from the World Economic Outlook (WEO) dataset compiled by the International Monetary Fund (IMF).

5.3 examines whether mean values of MWTP vary across the categorical variables. Due to the high standard deviation (SD) in MWTP (see Table 5.1), there is no evidence of significant differences in mean values of MWTP by gender, marital status, education, and return intentions of the respondents. Mean values of MWTP differ significantly by the respondents' legal status in NZ at the five per cent level.

Table 5.3: Mean Values of MWTP, by Categorical Variables

	N	Mean MWTP (NZD)	*t*-test (*p*-value)
Full sample	64	79.80	
Gender			
Male	30	114.98	0.226
Female	34	48.76	
Marital status			
Married or in a long-term relationship	40	73.93	0.782
Otherwise	24	89.58	
Education			
Postgraduate	21	111.71	0.415
Otherwise	43	64.22	
Legal status in NZ			
Permanent residency or citizenship	45	114.72	0.047
Otherwise	19	-2.91	
Return intention			
Yes	11	102.55	0.706
Otherwise	53	75.08	

Since our sample size is small, we allow only two independent variables to enter OLS regressions at a time to identify the determining factors of the estimated MWTP. The bivariate analyses reveal that age, duration-of-stay, and legal status in NZ are potential determinants of MWTP. Therefore, we successively examine the effect of each of these variables with one control variable at a time. The estimated coefficient for age is significantly positive regardless of the control variable in the regression, unless duration-of-stay is controlled for. Similarly, the estimated coefficient for duration-of-stay is significantly positive across all regressions, unless age or integration is controlled

for. Notably, the effect of the importance of institutional quality is statistically significant, when included with duration-of-stay, even though the raw correlation (see Table 5.2) with MWTP was not statistically significant. The estimated coefficient for legal status in NZ is significantly positive across all regressions, unless age, duration-of-stay, or integration is controlled for. The importance of institutional quality also has a significantly positive relationship with MWTP when included with legal status. Drawing from these multivariate analyses, we identify four potential determinants of MWTP, i.e. age, duration-of-stay, legal status in NZ, and the importance of institutional quality.

Our final specification examines the effects of these four potential determinants. Since the correlation coefficient between age and duration-of-stay was 0.66, we exclude duration-of-stay from the final specification to reduce the possibility of multi-collinearity issues. Although the estimates are based on a small sample, Table 5.4 shows that age and the importance of institutional quality each have significantly positive influence on MWTP at the ten per cent level, after also controlling for legal status in NZ. The effect of age indicates that older respondents were more likely to have a higher MWTP. This finding is plausible since there is evidence that older migrants may be more likely to want to repatriate (Waldorf, 1995; Carling and Pettersen, 2014; Bilgili and Siegel, 2017; Paparusso and Ambrosetti, 2017, Tran et al., 2018b). The effect of the importance of institutional quality reveals that those respondents who placed more importance on institutional quality in VN when considering repatriation were more likely to have a higher MWTP.[29]

[29] These results are robust to a formal stepwise regression.

Table 5.4: OLS Regressions of MWTP

Age	5.033*
	(2.657)
Legal status in NZ	91.538
	(58.771)
The importance of institutional quality	10.478*
	(5.985)
R-squared	0.118
Prob > F	0.022
RMSE	207.056

Notes: N = 64. Standard errors are reported in parentheses.
* $p < 0.1$.

5.5 Conclusions

This study conducts a pioneering exercise to measure the intensity of preference of international migrants for home-country institutional quality by means of the CVM, showing that the quality of institutions is important to their migration decisions. Since our research design involves comparing individuals, migrants in this study were assumed to face the same net migration costs and have the same marginal utility of the available amenities. Based on this assumption, we estimate that Vietnamese migrants living in NZ would be willing to pay, on average, NZD 79.80 per week for the rest of their working lives for a one-unit of improvement in institutional quality in VN benchmarked against institutional quality in NZ as per their perception of the institutional quality gap between the two countries. The estimated willingness to pay is positively associated with the respondent's age and the importance that they place on institutional quality in VN when considering repatriation. By showing that migrants are willing to give up part of their economic benefit for better home-country institutional quality, the study further emphasizes the importance of institutions in migration decisions.

References

Baudassé, T., Bazillier, R., & Issifou, I. (2018). Migration and Institutions: Exit and Voice (from Abroad)? *Journal of Economic Surveys, 32*(3), 727-766.

Bilgili, Ö., & Siegel, M. (2017). To return permanently or to return temporarily? Explaining migrants' intentions. *Migration and Development*, *6*(1), 14–32.

Bodvarsson, Ö. B., Simpson, N. B., & Sparber, C. (2015). Migration Theory. In B. R. Chiswick & P. W. Miller (Eds.), *Handbook of the Economics of International Migration* (Vol. 1A, pp. 3–51). North-Holland.

Carling, J., & Pettersen, S. V. (2014). Return Migration Intentions in the Integration–Transnationalism Matrix. *International Migration, 52*(6), 13–30.

Carson, R. T. (2012). Contingent Valuation: A Practical Alternative when Prices Aren't Available. *Journal of Economic Perspectives*, *26*(4), 27–42.

Cassarino, J.-P. (2004). Theorising Return Migration: The Conceptual Approach to Return Migrants Revisited. *International Journal on Multicultural Societies*, *6*(2), 253–279.

Chiswick, B. (1999). Are Immigrants Favorably Self-Selected? *American Economic Review*, *89*(2), 181–185.

Clark, X., Hatton, T. J., & Williamson, J. G. (2007). Explaining U.S. Immigration, 1971-1998. *The Review of Economics and Statistics*, *89*(2), 359–373.

Gmelch, G. (1980). Return Migration. *Annual Review of Anthropology*, *9*, 135–159.

Grogger, J., & Hanson, G. H. (2011). Income maximization and the selection and sorting of international migrants. *Journal of Development Economics*, *95*(1), 42–57.

Hatton, T. J., & Williamson, J. G. (2011). Are Third World Emigration Forces Abating? *World Development*, *39*(1), 20–32.

Kaufmann, D., Kraay, A., & Zoido-Lobatón, P. (1999). Governance Matters. *Policy Research Working Paper*. The World Bank.

Kling, C. L., Phaneuf, D. J., & Zhao, J. (2012). From Exxon to BP: Has Some Number Become Better than No Number? *The Journal of Economic Perspectives*, *26*(4), 3–26.

OECD. (2008). *International Migration Outlook: SOPEMI - 2008 Edition*. France: OECD.

Paparusso, A., & Ambrosetti, E. (2017). To stay or to return? Return migration intentions of Moroccans in Italy. *International Migration*, *55*(6), 137–155.

Tran, N. T. M., Cameron, M. P., & Poot, J. (2018a). Local Institutional Quality and Return Migration: Evidence from Viet Nam. *International Migration*, https://doi.org/10.1111/imig.12451.

Tran, N. T. M., Cameron, M. P., & Poot, J. (2018b). Return or Not Return? The Role of Home-Country Institutional Quality in Vietnamese Migrants' Return Intentions. *Working Papers in Economics 18/04*. Hamilton: Department of Economics, University of Waikato.

Waldorf, B. (1995). Determinants of International Return Migration Intentions. *The Professional Geographer*, *42*(2), 125–136.

Chapter 6: International Migration and Institutional Quality in the Home Country: It Matters Where You Go and How Long You Stay[30]

6.1 Introduction

International migration is a global phenomenon that continues to attract huge scholarly and policy attention. The question of whether international migrants yield net benefits to host countries, or are to their detriment, remains under debate, but there is broad consensus about the significant agency role of international migrants in improving development in their home countries. In this paper, we investigate the influence of diasporas on institutional quality in the home country and pay close attention to variation in institutional quality among host countries and the length of stay of migrants in those countries.

Kapur and McHale (2005) and Kapur (2010) developed a framework that suggests four channels by which international migration affects home countries, namely the prospect channel, absence channel, diaspora channel, and return channel. The prospect and absence channels are perceived to introduce negative impacts in home countries, because of the potential costs, such as a brain drain, borne by home countries as a result of emigration. By contrast, the diaspora and return channels are expected to deliver positive effects. The diaspora and return channels are notable for their pro-democratization potential that relies on the diffusion of norms and political ideas by migrants from host countries to home countries. Drawing on extant studies arguing for migration experience as a relevant factor for institutional development, migrants are generally recognized

[30] This chapter is currently under review:
Tran, N. T. M., Cameron, M. P., & Poot, J. (forthcoming). International Migration and Institutional Quality in the Home Country: It Matters Where You Go and How Long You Stay. *Journal of Comparative Economics*.

not only as an advantageous resource for development, but also as "political actors and potential agents of democracy" (Piper and Rother, 2015, p.6).

The interconnection between international migration and democracy has in recent years been identified as a novel research agenda (Rüland et al., 2009). Some evidence already exists of the positive impacts of international migration on institutional quality in home countries generated via the diaspora channel (Spilimbergo, 2009; Pfutze, 2012; Beine and Sekkat, 2013; Docquier et al., 2016; Karadja and Prawitz, 2016; Li et al., 2016; Barsbai et al., 2017; Rapoport, 2018) and via the return channel (Ammassari, 2004; Batista and Vicente, 2011; Chauvet and Mercier, 2014; Tuccio et al., 2016).

Research that investigates the diaspora channel aims to examine the feedback of migrant stocks or foreign-educated students on home countries' quality of institutions. The findings broadly support the role of diasporic communities in promoting institutional development. However, international migration is a multi-faceted phenomenon that has been increasingly characterized by the temporariness of migration decisions. OECD (2008) estimated that roughly 20 to 50 per cent of long-term immigrants left the host country within five years after arrival. In a recent publication on temporary migration, Dustmann and Görlach (2016) found that 50 per cent of immigrants to Europe moved again within ten years after their arrival. The connection between duration-of-stay and the propensity to re-migrate of an individual was grounded in the Cornell mobility model of the 1960s, which incorporates the principle of cumulative inertia. This well-established principle states that the probability of an individual remaining in a residential area increases as his/her length of prior residence in that area extends (McGinnis, 1968). Waldorf and Esparza (1991) provided a conceptual framework

that international return migration is dependent on assimilation in the host country and attachment to the home country. Because assimilation and duration-of-stay in the host country mutually reinforce, longer duration-of-stay facilitates deeper integration, and thereby lowers the tendency for repatriation. Putting it differently, shorter duration-of-stay increases the temporariness of migration decisions. Dustmann and Görlach (2016) argue that permanent migrants are quite different from their non-permanent counterparts in terms of motivations. Hence this may trigger heterogeneity, with respect to duration of residence, in migrants' behaviour and choices. Consequently, in this paper we take into account the temporariness of migration when assessing the influence of international migrants on institutional quality in their home countries.

Since the influence of diasporas on home countries is generated from afar, it is essential that there are strong transnational links through which diasporic communities retain cross-border interactions with their networks back home. Previous studies have documented that trans-border social ties and long-distance communications between migrants and non-migrants shape the political views of those left behind (Pérez-Armendáriz, 2014; Córdova and Hiskey, 2015; Meseguer et al., 2016). In the strand of literature on return intentions, migrants who wish to repatriate demonstrate stronger attachment to the home country (de Haas and Fokkema, 2011; Carling and Pettersen, 2014; Paparusso and Ambrosetti, 2017). More specifically, migrants who have return intentions are more likely to remain concerned about their home countries as well as to maintain relationships with their left-behind networks (see e.g. McCann et al., 2010). For permanent migrants, who will have a longer duration-of-stay on average, those links are plausibly weaker. Drawing on these arguments, in this paper we investigate whether

duration-of-stay is a predictor of the strength of transnational links with the home country that channel the diffusion of norms. We believe that this research endeavour is timely in the context of the huge growth in temporary migration in recent years. Specifically, we answer two research questions: (i) Do diasporas in developed host countries have a positive impact on institutional quality in their home countries?; and (ii) Does the revealed impact differ by diasporas' duration-of-stay in the host country?

To answer the first question, we regress institutional quality on diaspora size – while accounting of course for the scale effect of home country population. Immigrant stocks, calculated from the Database on Immigrants in OECD Countries (DIOC) (Dumont and Lamaitre, 2006; Widmaier and Dumont, 2011; Arslan et al., 2014), are used to measure the diaspora size in developed countries. However, the transnational norm diffusion of diasporas will depend on the diasporas' absorption of institutions in the host countries, with institutional quality varying between these countries. We therefore posit *Hypothesis 1*: That diasporas in *higher-institutional-quality* host countries have a more positive impact on institutional quality in home countries than diasporas in *lower-institutional-quality* host countries. To test this hypothesis, we modify the measure of diaspora size by replacing the simple immigrant stocks with *institutional-quality-adjusted immigrant stocks*. This augmented measure is theoretically more meaningful and empirically more robust than a simple migrant stock variable.

With respect to the second research question, duration-of-stay in host countries is utilized as an indicator of the strength of interactions with the home country. Since migrants with shorter duration-of-stay are more likely to maintain stronger links with their home countries, we posit *Hypothesis 2*: That diasporas

characterized by *shorter duration-of-stay* have a more positive impact on institutional quality in home countries than that of diasporas with *longer duration-of-stay*. To test this hypothesis, we split the sample of international migrants into two sub-samples distinguished by shorter versus longer duration-of-stay. Then, by comparing the magnitude of the estimated coefficients associated with diaspora size obtained from regressions for these sub-samples, we test Hypothesis 2.

To account for the endogeneity of migration and reverse causality (clearly, lower institutional quality might trigger more emigration), our cross-sectional and panel analyses use instrumental variables. Our results reconfirm the positive impact of diasporas on institutional quality in home countries. We also find significant evidence that supports the two hypotheses stated above. The remainder of this paper is structured as follows. Section 6.2 reviews the literature on the role of international migration in the evolution of institutional quality in home countries. Section 6.3 presents the applied research method. Section 6.4 describes the data. Section 6.5 reports the results and Section 6.6 concludes.

6.2 Literature Review

In the extant literature on economic development, international migration has been identified as a crucial transmission channel of institutional quality, thereby potentially contributing to better economic performance (Bertocchi and Strozzi, 2008). International migrants, especially from less developed countries, are believed to experience and acquire norms and traits of the population of developed host countries. They are argued to be able to transfer the absorbed norms to their home countries via the diaspora and return channels. Hence, in this regard, international migrants are claimed to be agents of change in their home countries (Conway and Potter, 2007), or more specifically, agents of the diffusion

of democratic institutions who help strengthen democracy in their home countries (Pérez-Armendáriz and Crow, 2010). Rüland et al. (2009) mapped out three pathways of norm diffusion: changes of attitudes at the individual level, collective action, and institutional change at the national and global levels. Scholars in this field have contributed empirical evidence supporting these claims at both the micro and macro levels.

At the micro level, researchers have explored the behaviour of individual migrants by means of case studies. Ammassari (2004) carried out a survey of return migrants in Ghana and Côte d'Ivoire to explore the socio-cultural and political change brought by economically active elite return migrants to their home economies and societies. Based on quantitative and qualitative analyses, this study found that Ghanaian and Ivorian elite migrants acquired significant human capital abroad, and that its transfer through the return channel has positive development impacts on both the public and private sector in these West African countries. Other micro level studies have applied quantitative methods to assess the contributions of migrants on political institutions in their home countries via migrants' voting behaviour. Batista and Vicente (2011) conducted a voting experiment to measure the demand for political accountability in Cape Verde. By regressing the voting decisions of respondents on local emigrant stocks, they found a positive impact of emigration on the demand for improved political accountability. Especially migrants who returned from countries with better governance were found to trigger a significantly stronger impact. A number of studies in this area have utilized real electoral outcomes as a proxy for the demand for better political institutions. By regressing the electoral outcomes of municipal elections on the proportion of migrants in the population, researchers have found positive correlations between

migration and the probability of voting for the opposition party in Mexico (Pfutze, 2012) and in Mali (Chauvet and Mercier, 2014). Barsbai et al. (2017) found a negative effect of emigration on the share of votes for the Communist Party in the Moldovan elections in 2009-2010. Tuccio et al. (2016)'s work on return migration in Morocco suggested that return migration, especially from Western countries, not only has a positive impact on the political attitudes of return migrants, but also alters their behaviour, as reflected in a positive correlation between regional returnee shares and participation rates in the 2011 political elections. Generally, these studies show the presence of democratic spill-over effects from developed countries to less developed countries through migration.

At the macro level, researchers have conducted cross-national analyses to examine the role of migrant stocks in institutional improvement. Spilimbergo (2009) carried out a dynamic panel analysis to explore the relationship between foreign education and democracy. The regressions showed a positive relationship between foreign education acquired from democratic countries and democracy promotion in home countries. Docquier et al. (2016) augmented the model of democracy's determinants by adding the emigration rate as an independent variable, and found robust positive impacts of the emigration rate on democracy and on economic freedom in home countries. Beine and Sekkat (2013) evaluated the effect of the emigration rate on institutional quality in home countries as measured by six indicators that are included in the World Governance Indicators (WGI) reported by the World Bank. Their findings confirmed direct positive impacts of the total emigration rate on five out of the six indicators. The only indicator that was negatively affected was "Voice and Accountability". Instead of looking at changes in institutional quality, Li et al. (2016) focused on the effect of

predetermined levels of human capital measures on ex-post institutional outcomes. They found a positive effect of emigrant human capital on political institutions in home countries, but a negative effect on economic institutions.

Most of these studies encounter a potential endogeneity problem due to the two-way relationship between international migration and institutional quality: past migrants may impact on institutional quality, but institutional quality is also one of the determinants of migration. Researchers have handled this problem by investigating dynamic panels or by employing an instrumental variable strategy. A thorough discussion of these solutions to the endogeneity problem can be found in Docquier et al. (2016). They combined external instruments, including a gravity-model-based predicted emigration rate and climatic variables, with internal instruments using a system GMM estimator. In light of the robust results generated by different specifications and identification methods, Docquier et al. (2016) conclude that emigration to liberal democracies has an important and positive role to play in institutional change in home countries.

Macro-level studies have also pondered the heterogeneity of the stock of migrants. Empirically, education is almost the sole attribute of migrants that has been taken into consideration in the literature to date. The conventional strategy is to run regressions contrasting migrant stocks characterized by different education levels, i.e. high-skilled migrants versus low-skilled migrants (e.g. Beine and Sekkat, 2013; Docquier et al., 2016; Li et al., 2016). However, other attributes that might extend our knowledge of how diasporas impact on institutional quality have been left untouched. Given the growth of temporary migration, it is important to investigate the role of duration-of-stay in assessing the transmission of host country institutional values to home countries. Additionally, the distribution of

migrants between host countries of varying institutional quality may matter too. As noted in the introductory section, we carry out both extensions of the current literature in this paper.

6.3 Research Method

We assembled a panel of data by pooling data on immigrant stocks in selected OECD host countries at three points in time (2000/01, 2005/06 and 2010/11) to analyse the impact of diasporas on institutional quality in home countries, while controlling for known important determinants of institutional quality in the extant literature. To account for unobserved factors, the following econometric model was estimated:

$$Q_{it} = \beta_0 + \beta_1 lnmstock_{it} + \beta_2 X_{it} + \beta_3 Z_i + \beta_4 D_t + \varepsilon_{it} \quad (1)$$

where Q_{it} is institutional quality of home country i at time t, X_{it} is a vector of time-varying economic and demographic control variables for home country i at time t, Z_i represents country-specific time-invariant control variables for home country i, D_t is a set of dummy variables denoting time fixed effects, and ε_{it} is an error term. The variable of interest $lnmstock_{it}$ is the natural logarithm of the aggregate immigrant stock (the diaspora) from home country i residing in selected OECD host countries at time t. This aggregate immigrant stock is given by:

$$mstock_{it} = \sum_{j=1}^{J} mstock_{ijt} \quad (2)$$

where $mstock_{ijt}$ is the number of immigrants from home country i residing in host country j at time t. Authors of the extant empirical work in this strand of literature have tended to use rates rather than stocks to quantify emigration. The reason is that the diffusion of norms is expected to be dependent on the size of diasporas relative to the size of the population in the home country. Since the

logarithm of the migration rate, $ln(mstock_{it}/pop_{it})$, is equal to the logarithm of the diaspora stock, $lnmstock_{it}$, minus the logarithm of population, $lnpop_{it}$, such a specification imposes a constraint that the coefficient on population as a determinant of institutional quality is the negative of the coefficient on diaspora stock. Given that the population stock proxies for the native-born population, which is the natural denominator of the migration rate, and given that the magnitude of a population scale effect is a priori uncertain, imposing such a constraint on the coefficients is unnecessarily restrictive. Hence by using the natural logarithms of the aggregate immigrant stock and the population stock as two separate variables, we provide a flexible way to measuring the impact of diasporas and population scale on institutional quality in the home country.

Existing empirical studies have identified a wide range of determinants of institutional quality, encompassing economic, demographic and geographic factors (e.g. Alesina et al., 2003; Rodrik et al., 2004; Acemoglu et al., 2005, 2008; Castelló-Climent, 2008; Djankov et al., 2008; Spilimbergo, 2009; Brown, 2010; Docquier et al., 2016). In this paper, we include income, trade openness, and education as time-varying control variables, besides the population variable discussed above. Additionally, we also consider unearned foreign income, i.e. international aid and remittances, based on recent findings on the negative impact of such income on institutional quality (Ahmed, 2012, 2013). We also control for a wide range of country-specific variables that are assumed to be time-invariant – including ethnic fractionalization, latitude, land area, being a landlocked country, legal origin, colonial heritage, violent independence, and being an oil exporter. All of these could potentially affect institutional quality. Time fixed effects are included in the model to account for global shocks or trends.

We initially estimate the econometric model by means of pooled-data ordinary least squares (OLS). However, this estimator is likely to produce biased estimates due to the problem caused by the widely recognized potential reverse causal relationship between institutional quality and diaspora stocks. Consequently, we also apply a two-stage least squares (2SLS) strategy with an external weather-based instrumental variable, as employed by Batista et al. (2017) and Docquier et al. (2016). Our instrumental variable is the home-country-specific *number* of natural disaster occurrences, rather than the *impact* of natural disasters (lives lost, property damage, etc.), which is a credibly relevant and plausibly exogenous instrument. Often the validity of instrumental variables is questioned, since the exclusion restriction is likely to be violated in many empirical situations. In our case, it could be suggested that natural disasters may have a negative impact on institutional quality, directly – as in the recent case of Haiti, for example – or indirectly, through income shocks (Brückner and Ciccone, 2011). Therefore, we perform sensitivity analysis of potential violation of the exclusion restriction to check the robustness of the 2SLS estimates when a direct impact of the instrumental variable on the dependent variable (labelled γ) is allowed for. We adopt the bounds methods developed by Conley et al. (2012) that relax the strict exclusion restriction, i.e. $\gamma = 0$. The first method, the Union of Confidence Interval (UCI), produces confidence intervals on the coefficient associated with diaspora size in an assumed range of $\gamma \in [-\delta, +\delta]$. The second method, the "γ Local-to-Zero" (LTZ) approximation, generates bounds of the coefficient of interest when γ is assumed to follow a distribution. These methods have been successfully employed by empirical researchers as a test for the validity of instrumental variables (see e.g. Dang, 2013; Roychowdhury, 2017).

We then carry out a panel analysis using the random effects instrumental variable (RE-IV) estimator to capture both within and between variations while also controlling for reverse causality. We also consider the alternative fixed effects (FE) estimator, but according to Allison (2009), the FE estimator is likely to yield imprecise and insignificant estimates if the variables of interest vary greatly across countries, but have little within variation over the available time span of the data, as is the case for institutional quality and the size of migrant stocks. In any case we find, by using the Wald test recommended by Allison (2009), that the FE model is rejected in favour of the RE model and therefore we discard the FE estimator in subsequent regressions.

Given the variations in institutional quality between host countries, it can be argued that using the simple immigrant stock to measure diaspora size, irrespective of the distribution of immigrants across host countries, is a less meaningful concept than an institutional-quality-adjusted migrant stock. Therefore, besides the immigrant stock ($mstock_{it}$) in Equation (1), we also consider a measure of institutional-quality-adjusted immigrant stock ($qmstock_{it}$) which is defined as follows:

$$qmstock_{it} = mstock_{it} \times \sum_{j=1}^{J} \left(s_{ijt} \times \frac{q_{jt}}{\bar{q}_t} \right) \tag{3}$$

in which

$$s_{ijt} = \frac{mstock_{ijt}}{mstock_{it}} \tag{4}$$

Hence

$$\sum_{j=1}^{J} s_{ijt} = 1 \tag{5}$$

where q_{jt} is the institutional quality index for host country j at time t and $\bar{q}_t$ is average value of the institutional quality index for all countries at time t, given by:

$$\bar{q}_t = \frac{1}{J}\sum_{j=1}^{J} q_{jt} \tag{6}$$

The idea to account for institutional quality variation across host countries when considering the stock of diaspora or international students from a home country has been implemented previously (see e.g. Spilimbergo, 2009; Beine and Sekkat, 2013). However, the attractiveness of our institutional-quality-adjusted immigrant stock approach is that it relates to the diaspora size by simply multiplying an adjustment factor (or equivalently, adding an adjustment factor after taking natural logarithms). If the calculated adjustment factor is greater than one (or zero in logarithmic form), a country's diaspora live disproportionally in higher institutional quality host countries. In this scenario, the institutional-quality-adjusted immigrant stock becomes greater than the simple immigrant stock. The opposite is true if the adjustment factor is smaller than one (or negative in logarithmic form).

By comparing the estimated coefficients of $lnqmstock_{it}$ and $lnmstock_{it}$, we seek evidence supporting Hypothesis 1. As a robustness check, we also divide the selected OECD host countries into sub-samples of higher-institutional-quality and lower-institutional-quality countries made up of those above and below $\bar{q}_t$ respectively. Then we run regressions contrasting the effects of immigrant stocks related to these two sub-samples on institutional quality. The estimated coefficient of $lnmstock_{it}$ in the sub-sample of higher-institutional-quality host countries is expected to be larger than the coefficient in the sub-sample of lower-institutional-quality host countries.

Duration-of-stay is the key factor for answering the second research question, i.e. testing Hypothesis 2. A threshold of ten years living in selected OECD host countries was chosen to establish two sub-samples. We isolate immigrant stocks with duration-of-stay of less than or equal to ten years (shorter duration-of-stay) from those with duration-of-stay of more than ten years (longer duration-of-stay). The choice of this threshold was guided by previous literature, e.g. Dustmann and Görlach (2016), as it has been found that this split effectively separates the stock into predominantly temporary and predominantly permanent migration. [31] By simultaneously running regressions contrasting institutional-quality-adjusted immigrant stocks characterized by shorter duration-of-stay with those characterized by longer duration-of stay, we seek evidence supporting the second hypothesis, namely that the impact of temporary migrants on institutional quality in home countries is larger than that of permanent migrants.

6.4 Data

6.4.1 Institutional Quality

We use the Worldwide Governance Indicators (WGI)[32] reported by the World Bank as our primary measure of institutional quality. The WGI were initially developed by Kaufmann et al. (1999) to quantify six dimensions of institutional development at the country level, namely: Voice and Accountability; Political Stability and Absence of Violence/Terrorism; Government Effectiveness; Regulatory Quality; Rule of Law; and Control of Corruption. Each indicator at the country level is measured in percentile rank terms ranging from zero to 100, with

[31] These authors combined evidence from several academic studies to illustrate the temporariness of a considerable share of migration. They found that out-migration rates of traditional immigrant receiving countries and Europe are highest during the first decade since arrival. As a robustness check, we calculated the average duration-of-stay of immigrant stocks in the selected OECD host countries across the three points in time. The calculated average value of 9.312 reinforces our choice of the ten year cut-off to establish the two sub-samples.

[32] http://info.worldbank.org/governance/wgi/index.aspx#home

higher values corresponding to better governance. Principal component analysis (PCA) showed that the first principal component of the six WGI indicators accounts for 84 per cent of the overall variance. The six WGI indicators have quite similar factor loadings in the first principal component (see Tables 6.5 and 6.6 in the Chapter Appendix). Hence we use a simple average score across the six WGI indicators (labelled *awgi*) as an appropriate overall measure of institutional quality.

To test the robustness of our results, we also use alternative measures of institutional quality, including the Political Rights Index, the Civil Liberties Index, the Economic Freedom of the World Index, and the Polity2 Score. The Political Rights Index (*pr*) and the Civil Liberties Index (*cl*) are reported in the Freedom in the World data set published by Freedom House.[33] In this data set, each country is rated on these two dimensions by a score that ranges from one (the most free) to seven (the least free). Because we wish to consistently signal with each indicator that higher values correspond with greater institutional quality, the Political Rights and Civil Liberties Indices are re-scored to a range from one for the least free to seven for the most free countries. The Economic Freedom of the World Index (*efw*) has been calculated by the Fraser Institute.[34] This index is scored out of 10, with higher scores representing a higher degree of freedom. The POLITY IV data series provide a set of variables measuring cross-country authority features.[35] We use the Polity2 score (*polity2*), a combined score that ranges from +10 (strongly democratic) to -10 (strongly autocratic). For convenience in comparing and interpreting results, all the alternative institutional quality indicators are rescaled so that their data values fit within a uniform scale ranging from zero to 100.

[33] https://freedomhouse.org/report-types/freedom-world
[34] https://www.fraserinstitute.org/economic-freedom/dataset
[35] http://www.systemicpeace.org/inscrdata.html

6.4.2 Immigrant Stocks

International migration can be measured as either flows or stocks of migrants. While migrant flows embody the dynamism of transnational mobility, migrant stocks – particularly immigrant stocks – represent diaspora size. In this paper, we use data on immigrant stocks extracted from the DIOC database.[36] This database contains rich information on the demographic and labour market attributes of immigrant stocks residing in OECD countries. Specifically, the information on duration-of-stay of the foreign-born population aged 15 and over has been under-utilized in migration studies to date, but is an important variable for this paper.

The DIOC database covers the 2000-2010 time frame in five year intervals. In other words, we have data on immigrant stocks at three points in time, pertaining to 2000/01, 2005/06 and 2010/11. Since the number of OECD countries has changed over this decade, we exclude those countries for which immigrant stocks are not available at all three points in time. We also drop OECD countries that have been relatively minor recipients of immigrants, such as Mexico. These restrictions generate a consistent sample of immigrant stocks residing in 21 OECD countries, by country of origin. However, immigrant stocks are not reported for all home-host country pairs. To remedy this shortcoming in the data, we imputed missing immigrant stocks by means of linear interpolation or extrapolation. The home countries have been restricted to those in which at least in one of the three periods there are no less than 1,000 diaspora in the selected host countries in total ($mstock_{it}$≥1,000). This restriction leaves out small island nations, and thereby eliminates some undesirable heterogeneity. The resulting immigrant stock matrix is a two-way table reflecting migration from 131 home

[36] http://www.oecd.org/els/mig/dioc.htm

countries to 21 OECD host countries (see Tables 6.7 and 6.8 in the Chapter Appendix). Table 6.1 summarizes various counts of the immigrant stock for the diasporas. The total immigrant stock as defined above increased by roughly between 40-50 per cent over the decade, dependent on the selected measure.

Table 6.1: Summary Statistics of Immigrant Stocks

Period	Obs.	Sum	Mean	Std. Dev.	Min	Max
Immigrant stocks						
2000/01	131	45,121.17	344.44	834.21	1.79	8,326.61
2005/06	131	59,291.36	452.61	1,087.09	2.23	10,783.20
2010/11	131	66,540.16	507.94	1,166.84	2.68	11,312.32
Institutional-quality-adjusted immigrant stocks						
2000/01	131	44,330.24	338.40	822.06	1.77	8,213.02
2005/06	131	57,689.57	440.38	1,052.21	2.27	10,383.15
2010/11	131	63,354.22	483.62	1,095.70	2.74	10,495.08
Immigrant stocks in higher-institutional-quality host countries						
2000/01	131	11,444.22	87.36	224.05	0.08	1,631.67
2005/06	131	15,094.69	115.23	295.06	0.04	2,061.02
2010/11	131	16,168.38	123.42	289.83	0.02	1,875.22
Immigrant stocks in lower-institutional-quality host countries						
2000/01	131	33,676.94	257.08	770.19	0.42	8,282.43
2005/06	131	44,196.67	337.38	998.41	0.48	10,719.69
2010/11	131	50,371.77	384.52	1,064.98	0.55	11,220.84
Institutional-quality-adjusted immigrant stocks with shorter duration-of-stay						
2000/01	131	16,166.18	123.41	341.43	0.68	3,577.95
2005/06	131	20,918.09	159.68	393.68	0.76	3,861.25
2010/11	131	20,756.93	158.45	328.07	0.54	2,643.37
Institutional-quality-adjusted immigrant stocks with longer duration-of-stay						
2000/01	131	26,712.87	203.92	492.58	0.30	4,687.63
2005/06	131	33,814.07	258.12	637.52	0.50	6,232.58
2010/11	131	41,074.57	313.55	802.76	1.48	8,135.39

Notes: Numbers are in thousands of migrants. Higher-institutional-quality host countries (those above the mean institutional quality in this sample): AUS, AUT, CAN, CHE, DEU, DNK, FIN, IRL, LUX, NLD, NOR, NZL, and SWE. Lower-institutional-quality host countries (those below the mean institutional quality in this sample): BEL, ESP, FRA, GBR, GRC, ITA, PRT, and USA. Shorter duration-of-stay relates to the immigrant stocks with duration- of-stay of less than or equal to ten years, while longer duration-of-stay relates to immigrant stocks with duration-of-stay of more than ten years.

Categorical data on duration-of-stay in the DIOC database varied across time and (host, home) country pairs. However, it was possible to consistently split the migrant stocks into those in the host country for less than or equal to ten years and those in the host country for longer than ten years. As discussed above, it is reasonable to expect that temporary migrants are a large proportion of the former category.

6.4.3 Time-Varying Control Variables

Income, measured in the natural logarithm of per capita GDP in constant 2010 U.S. dollars (*lngdp*), enters the econometric model as a conventional, but important, control variable. However, although income per capita and institutional quality exhibit an unquestionably positive correlation, academics provide mixed results for the statistical significance and causal direction of the relationship between these two variables. While Acemoglu et al. (2008) found no causal effect of GDP per capita on democracy, a number of other studies have identified a positive and statistically significant effect (e.g. Brückner et al., 2011; Heid et al., 2012; Benhabib et al., 2013). Further consideration of this causality issue is beyond the scope of the present paper.

Unearned foreign income consists of foreign aid and remittances received by households. This income accounts for a large sub-category of international capital flows, and it has recently been alleged that greater dependence on unearned foreign income leads to lower institutional quality. For instance, Djankov et al. (2008) found a negative impact of foreign aid on political institutions. Ahmed (2013) provided empirical evidence that remittances cause institutional quality decay in poor countries with less democratic institutions. Moreover, large foreign aid and remittance inflows are likely to prolong

government survival in autocracies (Ahmed, 2012). To gauge a country's dependence on unearned foreign income, we consider the sum of foreign aid and remittances as a share of GDP (*remit_oda*).

Trade openness has been customarily considered to be associated with institutional improvement, since the process of engaging in international trade is likely to impose requirements of reforming domestic institutions to comply with international standards. The idea that openness to international trade is positively correlated with institutional quality is supported by a number of recent empirical studies (e.g. Rodrik et al., 2004; Brown, 2010). We control for the degree to which a country engages in international trade by including the ratio of total imports plus exports of goods and services to GDP (*openness*).

The natural logarithm of population size (*lnpop*) is commonly employed as a control variable in most empirical studies on determinants of institutional quality. It serves two functions. On the one hand it addresses the issue of whether the diaspora stock or rate is the appropriate migration variable. On the other hand, population size may also have an intrinsically negative relationship with institutions such as democracy (Acemoglu et al., 2005, 2008; Benhabib et al., 2013).

Education may be expected to be correlated positively with institutional quality. However, the question of whether education can causally influence institutional quality remains controversial. Acemoglu et al. (2005) challenged the common expectation of a causal effect of education on institutional quality. They found that the effect of average years of schooling on democracy disappears when accounting for country-specific factors. However, Glaeser et al. (2007) proposed a model that suggests that countries with higher levels of education are more likely to maintain democracy. Several empirical studies lend support to a positive effect

of education on institutional quality (e.g. Bobba and Coviello, 2007; Castelló-Climent, 2008; Murtin and Wacziarg, 2014). To capture variation in levels of education across countries, we employ the Education Index (*edu*), an indicator of the Human Development Index calculated by using Mean Years of Schooling and Expected Years of Schooling. The index is standardized within a range from zero to one, with higher values corresponding to more education.

Table 6.2: Summary Statistics for Dependent Variables and Time-Varying Control Variables

	Obs.	Mean	Std. Dev.	Min	Max
Average of WGI (a*wgi*)	393	42.83	23.10	1.29	98.30
Political Rights Index (*pr*)	390	55.38	34.69	0.00	100.00
Civil Liberties Index (*cl*)	390	56.88	27.73	0.00	100.00
Economic Freedom (*efw*)	279	66.13	8.89	29.30	90.50
Polity2 Score (*polity2*)	360	64.76	30.81	0.00	100.00
GDP per capita (constant 2010 US$)	393	7,420.25	10,915.45	196.78	70,870.23
Foreign aid and remittances (% of GDP)	393	2.86	4.73	0.00	40.87
Trade openness (% of GDP)	393	88.96	55.47	0.00	432.95
Population (thousands)	393	41,029.56	152,503.85	69.68	1,337,705.00
Education index	393	0.56	0.17	0.12	0.88

Note: The observations pool the years 2000/01, 2005/06 and 2010/11.

Data on GDP, GDP per capita, remittances, total imports and exports of goods and services, and population size were assembled from the World Development Indicators of the World Bank.[37] Data on ODA disbursements were collected from the OECD International Development Statistics (IDS) online

[37] http://data.worldbank.org/data-catalog/world-development-indicators

database.[38] Data on the Education Index were extracted from the UNDP Human Development Reports.[39] Table 6.2 provides summary statistics for the measures of institutional quality and the time-varying control variables.

6.4.4 Other Variables

With regard to the variables that are assumed time-invariant, there is a growing consensus in the academic literature that country-specific cultural, geographical and historical variables matter for institutional quality. In this paper, we control for ethnic fractionalization, country latitude in absolute value (i.e. a measure of distance from the equator), natural logarithm of land area, and dummy variables for landlocked countries, legal origin, colonial heritage, violent independence, and oil-exporting countries. The ethnic fractionalization index was developed by Alesina et al. (2003). Geographic data and data on colonial heritage were taken from the French Centre for Research and Studies on the World Economy (CEPII) database.[40] Data on legal origin were collected from La Porta et al. (2008). Violent independence status was drawn from the Issue Correlates of War (ICOW) Colonial History Data Set.[41] A dummy variable for being an oil-exporter was derived from the global data set of oil and gas production and exports, 1932-2011 (Ross 2013).

Finally, the instrumental variable that we use to account for the potential endogeneity of diaspora size consists of the natural logarithm of the number of occurrences of natural disaster, comprising animal accidents, droughts, earthquakes, epidemics, extreme temperatures, floods, impacts, insect infestations, landslides, mass movements (dry), storms, volcanic activity, and wildfires since

[38] http://www.oecd.org/development/stats/idsonline.htm
[39] http://hdr.undp.org/en/data
[40] http://www.cepii.fr/CEPII/en/bdd_modele/bdd_modele.asp
[41] http://www.paulhensel.org/icowcol.html

1900 at each of the three points in time in the panel. This information was gathered from the International Disaster Database (EM-DAT).[42]

6.5 Results

Table 6.3 reports the results derived from different estimating methods, related to the role of diasporas as a determinant of institutional quality. The left-hand block of Table 6.3 reports regressions in which diaspora size is measured by the aggregate number of immigrants residing in the selected OECD countries. In the right-hand block of regression results, the diaspora stock is quality-weighted by the institutional quality of the selected OECD countries.

First, an F-test was used to choose between FE and pooled OLS estimators. The test rejects the null hypothesis that all the fixed effects intercepts are jointly zero, therefore FE is preferred. The Breusch-Pagan LM test was then employed to decide between the RE and pooled OLS estimators. The test rejects the null hypothesis that there are no country-specific random effects, thus RE is preferred. To choose between FE and RE estimators, a regression-based test – the Hybrid Model (Allison, 2009) – was used as an alternative to the conventional Hausman test, since the latter test is too restrictive for applications with known time-invariant control variables (Wooldridge, 2010). Moreover, in the case of a short panel, the Hausman test is biased towards the FE estimator due to relatively large standard errors on the fixed effects. The Hybrid Model combines the FE and RE approaches into a single model by decomposing each time-varying variable into a within-country component and a between-country component, and then fitting a RE model with both components. The between-country component is the country-specific mean of each variable. The within-country component is the deviation

[42] https://www.unisdr.org/we/inform/disaster-statistics

from that country-specific mean. Conventionally, a RE model assumes that the deviation and the mean coefficients are equal. To test this assumption, we apply a Wald test for equality across the pairs of coefficients after running the Hybrid Model. This regression-based test provides evidence in favour of the RE estimator, accepting the null hypothesis of equality across the pairs of coefficients.

The Durbin-Wu-Hausman test provides evidence of the endogeneity of diaspora size. Therefore, the instrumental variable – the natural logarithm of the number of natural disasters – is employed to handle this problem. The Kleibergen-Paap Wald rank F-statistic confirms that the chosen instrumental variable is not a weak instrument. Comparing the coefficients of diaspora size obtained with the pooled OLS estimator reported in columns (1) and (6) of Table 6.3 with those derived from the 2SLS strategy reported in columns (4) and (9) respectively, we observe much larger coefficients generated by the latter method. These differences signal a reverse causality bias nested in the pooled OLS estimation (Docquier et al., 2016).

Consequently, we focus our attention on the results of the pooled cross-sectional analysis using a 2SLS strategy, and a panel analysis using the RE-IV estimator. The first-stage regressions for the 2SLS models are reported in Table 6.9 in the Chapter Appendix. As reported in Columns (4), (5), (9) and (10) of Table 6.3, diasporas in selected OECD countries (measured as either the immigrant stocks or the institutional-quality-adjusted immigrant stocks) have a positive influence on institutional quality in their home countries, as measured by *awgi*. More specifically, one per cent change in the diaspora stocks would increase the average score across the six WGI indicators, of which scale ranges from zero to 100, by roughly 11 to 12 points. Given that the standard deviation of the average WGI is 23.10 (see Table 6.2), the magnitude of a one per cent change

Table 6.3: Impacts of Diaspora Size on Institutional Quality, Using Different Estimators

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Diaspora size measured as Immigrant stocks					Diaspora size measured as Institutional-quality-adjusted immigrant stocks				
	OLS	FE	RE	2SLS	RE-IV	OLS	FE	RE	2SLS	RE-IV
Diaspora size	0.270	1.387	0.925	11.693**	11.955**	0.325	1.459	0.976	11.659**	12.016**
	(1.008)	(1.615)	(0.967)	(5.086)	(4.675)	(1.019)	(1.600)	(0.969)	(4.922)	(4.700)
lngdp	9.059***	11.148***	9.388***	8.653***	9.556***	9.057***	11.167***	9.394***	8.651***	9.641***
	(1.565)	(2.794)	(1.346)	(2.052)	(1.626)	(1.565)	(2.794)	(1.344)	(1.994)	(1.615)
remit_oda	-0.380**	-0.135	-0.149	-1.025**	-0.252	-0.383**	-0.134	-0.149	-1.006**	-0.240
	(0.180)	(0.119)	(0.113)	(0.508)	(0.225)	(0.181)	(0.119)	(0.113)	(0.487)	(0.221)
openness	-0.017	0.025*	0.015	-0.011	0.010	-0.017	0.025*	0.015	-0.011	0.010
	(0.020)	(0.014)	(0.012)	(0.027)	(0.015)	(0.020)	(0.014)	(0.012)	(0.027)	(0.015)
lnpop	0.140	0.446	-0.581	-7.911**	-7.696**	0.101	0.424	-0.616	-7.905**	-7.746**
	(1.198)	(4.279)	(1.184)	(3.750)	(3.339)	(1.204)	(4.283)	(1.184)	(3.640)	(3.364)
edu	21.761	-13.186	0.541	-7.676	-23.455	21.621	-13.482	0.365	-7.594	-24.591
	(13.388)	(17.525)	(12.381)	(19.457)	(16.179)	(13.381)	(17.537)	(12.381)	(18.914)	(16.391)
R-sq	0.669	0.480	0.639	0.429	0.455	0.669	0.479	0.639	0.434	0.456
F-test		0.005					0.005			
B-P			<0.001					<0.001		
Wald			0.397					0.391		
DWH				0.002	0.001				0.002	0.001
KPW				14.233	20.268				14.436	20.268

Notes: The dependent variable is *awgi*. Robust standard errors clustered by home country are reported in parentheses. Time-invariant variables and time-fixed effects are included. N = 393. F-test: test for the joint significance of the fixed effects intercepts, *p*-value reported, null hypothesis = all of the fixed effects intercepts are jointly zero. B-P: Breusch-Pagan LM test for random effects, *p*-value reported, null hypothesis = country-specific or time-specific error variance components are zero. Wald: Wald test for fixed vs. random effects after the Hybrid Model regression, *p*-value reported, null hypothesis = pairs of mean and deviation score of each time-varying variable are jointly zero. DWH: Durbin-Wu-Hausman endogeneity test, *p*-value reported, null hypothesis = diaspora size is exogenous. KPW: Kleibergen-Paap Wald rank F-statistic to be compared with Stock-Yogo weak instrument test critical values.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

in diaspora stocks is about half a standard deviation increase in institutional quality. As presented in Columns 7 and 14 of Tables 6.10 and 6.11 in the Chapter Appendix, this positive impact is robust across alternative measures of institutional quality given by *pr*, *cl*, and *polity2*. The magnitude of the coefficients associated with a one per cent change in diaspora size are roughly one standard deviation of the dependent variables measured using these indices (see also Table 6.2). The exception is *efw*, which has statistically insignificant effects. However, there is no evidence in favor of the RE-IV estimator in the case of these alternative measures; i.e. the post-Hybrid-Model Wald test rejects the null hypothesis of equality across the deviation-mean coefficient pairs. The positive and significant coefficients associated with diaspora size in most specifications are robust when we exclude developed countries from the list of home countries to establish a sub-sample of diasporas from developing countries only (see Table 6.8 in the Chapter Appendix).[43]

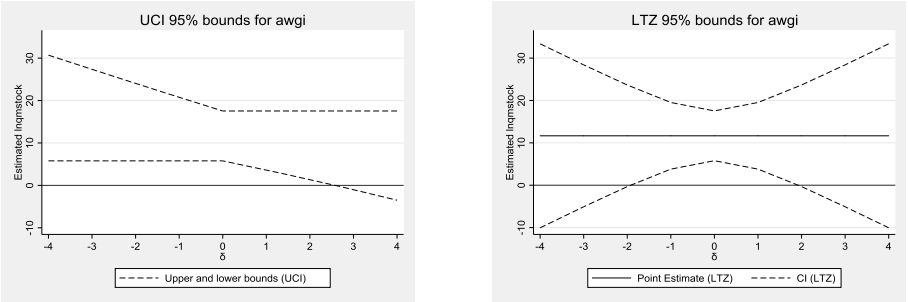
The sensitivity analysis results for the 2SLS estimates for *awgi* using the adjusted measure of diaspora size are shown in Figure 6.1. This figure depicts the 95 per cent confidence bounds of the coefficients associated with diaspora size, using Conley et al. (2012) approaches. In this figure, once the bounds encompass the zero-line, the institutional effect of diasporas obtained by the 2SLS estimator is nullified at the five per cent level of significance. Figure 6.1a plots the UCI bounds in the assumed range of $\gamma\epsilon[-\delta,\delta]$. These bounds do not include the zero-line at a negative value of δ. Figure 6.1b plots the LTZ bounds when γ is assumed to follow a simple normal distribution: $\gamma\sim N(0,\delta^2)$. These bounds do not surround the zero-line at some negative values of δ either. These illustrations

[43] The regression results with the sub-sample of diasporas from developing countries are available upon request.

imply that the 2SLS estimates are significant at the five per cent level, given a negative effect of the instrumental variable on home-country institutional quality. In general, the sensitivity analysis results provide evidence that the 2SLS estimates are robust to possible violation of the exclusion restriction. The sensitivity analysis results for the 2SLS estimates for *pr*, *cl*, *efw*, and *polity2* are shown in Figure 6.2 in the Chapter Appendix. Those results also support the robustness of our 2SLS estimates.

Figure 6.1: Conley et al. (2012) Bounds Test for Instrument Validity

(a) (b)



Notes: This figure presents 95 per cent confidence intervals for the estimated coefficients associated with diaspora size under the assumption that the instrumental variable has a direct effect on home-country institutional quality, captured by γ. Figure 6.1a shows the Union of Confidence Intervals (UCI) bounds drawn from varying values of δ under the assumption that $\gamma \epsilon [-\delta, +\delta]$. Figure 6.1b depicts the γ Local-to-Zero (LTZ) approximation bounds drawn from varying value of δ under the assumption that $\gamma \sim N(0, \delta^2)$. The estimates are generated by using the STATA command *plausexog* by Clark (2014).

With regard to the coefficients for the time-varying control variables, we find significant effects of income and population on *awgi*. The significant negative effect of unearned foreign income found in the 2SLS regressions supports the argument of the perils of foreign aid and remittances. Although the literature generally supports the role of trade openness and education as determinants of democracy, the effects of these variables are not strong enough to result in significant coefficients in this study. The inclusion of these control

variables might pose concerns about collinearity and endogeneity. Therefore, we run specifications without these time-varying control variables, and then control for one variable at a time. As reported in Columns (1)-(6) and (8)-(13) of Tables 6.10 and 6.11 in the Chapter Appendix, the presence of these control variables in the model does not affect the sign of the coefficients associated with diaspora size. They even improve the significance of the institutional effect of diasporas when the dependent variable is measured as *awgi, pr, cl, and polity2*.

The use of institutional-quality-adjusted immigrant stocks is more meaningful for incorporating the norm diffusion idea. However, in terms of magnitude, the coefficient of the institutional-quality-adjusted immigrant stock in Column (10) of Table 6.3 is only slightly larger as the coefficient of the immigrant stock in Column (5). In the case of 2SLS, the institutional-quality-adjusted immigrant stock has a slightly smaller effect (Column 9) than the immigrant stock effect (Column 4). We therefore carry out an alternative strategy to identify the host country institutional quality effect by running regressions contrasting immigrant stocks in higher-institutional-quality host countries with those in lower-institutional-quality host countries to find evidence supporting Hypothesis 1. As presented in Table 6.4, the coefficients of immigrant stocks in higher-institutional-quality host countries are larger than those of immigrant stocks in lower-institutional-quality host countries. Welch's *t*-test (Welch, 1938) rejects the null hypothesis of equal regression coefficients (at the 0.1 per cent level), but only when using the 2SLS method. Given that this is the preferred estimator within the scope of this research, this result does provide tentative statistical evidence that having diasporas in higher-institutional-quality host countries has a stronger impact on home country institutional quality.

Table 6.4 also reports the results of regressions contrasting diasporas with different durations-of-stay. The coefficients of institutional-quality-adjusted immigrant stocks characterized by shorter duration-of-stay (≤10 years) are larger than those of institutional-quality-adjusted immigrant stocks with longer duration-of-stay (>10 years). Moreover, regardless of which estimator is used, Welch's *t*-test rejects the null hypothesis of equal regression coefficients at the 0.1 per cent level. Accordingly, the diffusion of advanced institutions from developed host countries to less developed home countries through the international migration channel is stronger when diasporas are characterized by shorter duration-of-stay. These are immigrants who have a higher propensity to re-emigrate. This distinct effect might be due to the expected stronger links with the home country among these diasporas. This finding is robust at the 0.1 per cent level to the alternative institutional indicators *pr* and *cl* in both pooled cross-sectional and panel analyses and *polity2* in pooled cross-sectional analysis (see Table 6.12 in the Chapter Appendix). Theoretically, whether diasporas with shorter duration-of-stay or those with longer duration-of-stay are more able to transmit the institutional effects to home countries is controversial. It is plausible to argue that assimilation in host countries lessens the connection with home countries. Therefore, diasporas with longer duration-of-stay, i.e. deeper integration, would be less able to transmit host-country norms and practice to home countries, whereas those with shorter duration-of-stay would be more able to do so through their strong homeland linkages. By contrast, the transnationalism and social network theories suggest that integration depth consolidates homeland linkages. Accordingly, diasporas with shorter duration-of-stay would be less able to generate the transmission effects. In this paper, we find evidence pointing to the larger influence of

diasporas with shorter duration-of-stay on home-country institutional quality. Given the global trend of increasing temporary migration, this finding suggests a greater role for cross-border norm diffusion by means of international migration in the future than in the past.

Table 6.4: Estimates for Diaspora Size with Sub-Samples

	Higher versus lower-institutional-quality host countries					
	2SLS			RE-IV		
	Higher	Lower	Welch's *t*-test	Higher	Lower	Welch's *t*-test
lnmstock	14.756*	12.468**	<0.001	12.875**	12.560**	0.424
	(7.845)	(5.695)		(5.715)	(5.311)	
DWH	0.002	0.003		0.001	0.001	
KPW	5.024	10.914		7.777	14.374	
	Shorter versus longer duration-of-stay					
	2SLS			RE-IV		
	Shorter	Longer	Welch's *t*-test	Shorter	Longer	Welch's *t*-test
lnqmstock	13.474**	9.760**	<0.001	12.178**	9.720***	<0.001
	(6.291)	(4.241)		(5.128)	(3.660)	
DWH	0.001	0.003		0.001	0.004	
KPW	11.071	14.227		15.835	18.840	

Notes: Robust standard errors clustered by home country are reported in parentheses. N = 393. DWH: Durbin-Wu-Hausman endogeneity test, *p*-value reported, null hypothesis = diaspora size is exogenous. KPW: Kleibergen-Paap Wald rank F-statistic to be compared with Stock-Yogo weak instrument test critical values. Welch's *t*-test: test for the significant difference of regression coefficients, *p*-value reported, null hypothesis = regression coefficients associated with diaspora size are equal.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

6.6 Conclusions

Our paper re-confirms the positive role of migration in promoting institutional quality development in home countries. This explicit influence is generated by the spill-over effects of migrants from less developed countries transmitting and spreading attitudes and behaviours back home that they absorbed in developed host countries. These spill-over effects depend on the quality of institutions in the migrants' host countries and the extent to which migrants are

likely to maintain links with their home countries. Consequently, our use of institutional-quality-adjusted immigrant stocks in the analysis not only re-confirms the impact of migration on institutional quality, but also attests that where migrants move to does matter.

In the wake of increasing temporary migration, this paper provides a fresh insight into the link between migration and institutional quality by digging deeper into the *intensity* of norm diffusion from developed host countries to less developed home countries, conditioned on temporary versus permanent migration. The temporariness is entrenched in diasporas characterized by shorter duration-of-stay and higher propensity to re-emigrate. Interestingly, we find that diasporas with shorter duration-of-stay demonstrate a stronger norm diffusion effect.

In sum, our findings suggest that policy makers in both home and host countries should support temporary migration as an approach to promote global convergence in institutional quality. Although migration decisions are primarily at the discretion of migrants, there are areas where governments can control the temporariness of migration, such as in the case of labour migration and the migration of international students. Bilateral agreements should be established or re-negotiated to facilitate the flows of fixed-period guest workers and international students from less developed home countries to developed host countries. It is also necessary to design a mechanism of inter-country cooperation to increase the chance of their return, especially the return of home-government scholarship holders. Given that institutional quality has recently been a central concern of the development discourse, our findings advocate for a bottom-up approach to intensify development through institutional improvement via temporary migration schemes.

Lastly, we note that while important advances have been made in the earlier papers and the estimations reported in the present paper, the precise quantification of the role of institutional quality diffusion by means of diasporas remains challenging. One potential problem still to be investigated is that of migrant self-selection. Migrants can be self-selected along different dimensions, such as education, destination choice, etc. (Lodigiani, 2016). As documented in the literature, high-skilled migrants are more sensitive to weak institutions (Olesen, 2002; Dimant et al., 2013; Cooray and Schneider, 2016), hence they are attracted to countries with high quality institutions. This self-selection problem might cause biased estimation of the direct norm diffusion effect. Consequently, future research should control for potential self-selection biases to distinguish the direct norm diffusion effect from other channels.

References

Acemoglu, D., Johnson, S., Robinson, J. A., & Yared, P. (2005). From Education to Democracy? *The American Economic Review*, *95*(2), 44–49.

Acemoglu, D., Johnson, S., Robinson, J. A., & Yared, P. (2008). Income and Democracy. *The American Economic Review*, *98*(3), 808–842.

Ahmed, F. Z. (2012). The Perils of Unearned Foreign Income: Aid, Remittances, and Government Survival. *The American Political Science Review*, *106*(1), 146–165.

Ahmed, F. Z. (2013). Remittances Deteriorate Governance. *Review of Economics and Statistics*, *95*(4), 1166–1182.

Alesina, A., Devleeschauwer, A., Easterly, W., Kurlat, S., & Wacziarg, R. (2003). Fractionalization. *Journal of Economic Growth*, *8*(2), 155–194.

Allison, P. D. (2009). *Fixed Effects Regression Models*. The United States of America: SAGE Publications, Inc.

Ammassari, S. (2004). From nation-building to entrepreneurship: the impact of élite return migrants in Côte d'Ivoire and Ghana. *Population, Space and Place*, *10*(2), 133–154.

Arslan, C., Dumont, J.-C., Kone, Z., Moullan, Y., Ozden, C., Parsons, C., & Xenogiani, T. (2014). A New Profile of Migrants in the Aftermath of the Recent Economic Crisis. *OECD Social, Employment and Migration Working Papers No. 160*. OECD Publishing.

Barsbai, T., Rapoport, H., Steinmayr, A., & Trebesch, C. (2017). The Effect of Labor Migration on the Diffusion of Democracy: Evidence from a Former Soviet Republic. *American Economic Journal: Applied Economics*, *9*(3), 36–69.

Batista, C., Seither, J., & Vicente, P. C. (2017). Migration, political institutions, and social networks. *NOVAFRICA Working Paper Series No. wp1701*. Universidade Nova de Lisboa, Faculdade de Economia, NOVAFRICA.

Batista, C., & Vicente, P. C. (2011). Do Migrants Improve Governance at Home? Evidence from a Voting Experiment. *The World Bank Economic Review*, *25*(1), 77–104.

Beine, M., & Sekkat, K. (2013). Skilled migration and the transfer of institutional norms. *IZA Journal of Migration*, *2*(1), 1–19.

Benhabib, J., Corvalan, A., & Spiegel, M. M. (2013). Income and democracy: Evidence from nonlinear estimations. *Economics Letters*, *118*(3), 489–492.

Bertocchi, G., & Strozzi, C. (2008). International migration and the role of institutions. *Public Choice*, *137*, 81–102.

Bobba, M., & Coviello, D. (2007). Weak instruments and weak identification in estimating the effects of education on democracy. *Economics Letters*, *96*(3), 301–306.

Brown, M. E. (2010). *Determinants of economic institutions* (Ph.D.). The Florida State University, United States, Florida.

Brückner, M., & Ciccone, A. (2011). Rain and the Democratic Window of Opportunity. *Econometrica*, *79*(3), 923–947.

Brückner, M., Ciccone, A., & Tesei, A. (2011). Oil Price Shocks, Income, and Democracy. *Review of Economics and Statistics*, *94*(2), 389–399.

Carling, J., & Pettersen, S. V. (2014). Return Migration Intentions in the Integration–Transnationalism Matrix. *International Migration*, *52*(6), 13–30.

Castelló-Climent, A. (2008). On the distribution of education and democracy. *Journal of Development Economics*, *87*(2), 179–190.

Chauvet, L., & Mercier, M. (2014). Do return migrants transfer political norms to their origin country? Evidence from Mali. *Journal of Comparative Economics*, *42*(3), 630–651.

Clarke, D. (2014). *PLAUSEXOG:* Stata module to implement Conley et al's plausibly exogenous bounds. *Statistical Software Components S457832*. Department of Economics, Boston College.

Conley, T. G., Hansen, C. B., & Rossi, P. E. (2012). Plausibly Exogenous. *Review of Economics and Statistics*, *94*(1), 260–272.

Conway, D., & Potter, R. B. (2007). Caribbean Transnational Return Migrants as Agents of Change. *Geography Compass*, *1*(1), 25–45.

Cooray, A., & Schneider, F. (2016). Does corruption promote emigration? An empirical examination. *Journal of Population Economics*, *29*(1), 293–310.

Córdova, A., & Hiskey, J. (2015). Shaping Politics at Home: Cross-Border Social Ties and Local-Level Political Engagement. *Comparative Political Studies*, *48*(11), 1454–1487.

Dang, D. A. (2013). How foreign direct investment promote institutional quality: Evidence from Vietnam. *Journal of Comparative Economics*, *41*(4), 1054–1072.

de Haas, H., & Fokkema, T. (2011). The effects of integration and transnational ties on international return migration intentions. *Demographic Research*, *25*, 755–782.

Dimant, E., Krieger, T., & Meierrieks, D. (2013). The effect of corruption on migration,1985–2000. *Applied Economics Letters*, *20*(13), 1270–1274.

Djankov, S., Montalvo, J. G., & Reynal-Querol, M. (2008). The curse of aid. *Journal of Economic Growth*, *13*(3), 169–194.

Docquier, F., Lodigiani, E., Rapoport, H., & Schiff, M. (2016). Emigration and democracy. *Journal of Development Economics*, *120*, 209–223.

Dumont, J.-C., & Lamaitre, G. (2006). Counting Immigrants and Expatriates in OECD Countries: A New Perspective. *OECD Economic Studies*, *2005*(1), 49–83.

Dustmann, C., & Görlach, J.-S. (2016). The Economics of Temporary Migrations. *Journal of Economic Literature*, *54*(1), 98–136.

Glaeser, E. L., Ponzetto, G. A. M., & Shleifer, A. (2007). Why does democracy need education? *Journal of Economic Growth*, *12*(2), 77–99.

Heid, B., Langer, J., & Larch, M. (2012). Income and democracy: Evidence from system GMM estimates. *Economics Letters*, *116*(2), 166–169.

Kapur, D. (2010). *Diaspora, development, and democracy: the domestic impact of international migration from India*. Princeton, NJ: Princeton University Press.

Kapur, D., & McHale, J. (2005). *Give Us Your Best and Brightest: The Global Hunt for Talent and Its Impact on the Developing World*. Washington, D.C: Center for Global Development.

Karadja, M., & Prawitz, E. (2016). Exit, Voice, and Political Change: Evidence from Swedish Mass Migration to the United States. *SSRN Scholarly Paper ID 2862368*. Rochester, NY: Social Science Research Network.

Kaufmann, D., Kraay, A., & Zoido-Lobatón, P. (1999). Governance Matters. *Policy Research Working Paper*. The World Bank.

La Porta, R., Lopez-de-Silanes, F., & Shleifer, A. (2008). The Economic Consequences of Legal Origins. *Journal of Economic Literature*, *46*(2), 285–332.

Li, X., McHale, J., & Zhou, X. (2016). Does Brain Drain Lead to Institutional Gain? *The World Economy*, *40*(7), 1454–1472.

Lodigiani, E. (2016). The effect of emigration on home-country political institutions. *IZA World of Labor: 307*. https://doi.org/doi:10.15185/izawol.307

McCann, P., Poot, J., & Sanderson, L. M. (2010). Migration, Relationship Capital and International Travel: Theory and Evidence. *Journal of Economic Geography*, *10*(3), 361–387.

McGinnis, R. (1968). A Stochastic Model of Social Mobility. *American Sociological Review*, *33*(5), 712–722.

Meseguer, C., Lavezzolo, S., & Aparicio, J. (2016). Financial remittances, trans-border conversations, and the state. *Comparative Migration Studies*, *4*(1).

Murtin, F., & Wacziarg, R. (2014). The democratic transition. *Journal of Economic Growth*, *19*(2), 141–181.

OECD. (2008). *International Migration Outlook: SOPEMI - 2008 Edition*. France: OECD.

Olesen, H. (2002). Migration, Return, and Development: An Institutional Perspective. *International Migration*, *40*(5), 125–150.

Paparusso, A., & Ambrosetti, E. (2017). To stay or to return? Return migration intentions of Moroccans in Italy. *International Migration*, *55*(6), 137–155.

Pérez-Armendáriz, C. (2014). Cross-Border Discussions and Political Behavior in Migrant-Sending Countries. *Studies in Comparative International Development*, *49*(1), 67–88.

Pérez-Armendáriz, C., & Crow, D. (2010). Do Migrants Remit Democracy? International Migration, Political Beliefs, and Behavior in Mexico. *Comparative Political Studies*, *43*(1), 119–148.

Pfutze, T. (2012). Does migration promote democratization? Evidence from the Mexican transition. *Journal of Comparative Economics*, *40*(2), 159–175.

Piper, N., & Rother, S. (2015). Migration and Democracy: Citizenship and Human Rights from a Multi-level Perspective. *International Migration*, *53*(3), 3–7.

Rapoport, H. (2018). Diaspora externalities: A view from the South. *WIDER Working Paper No. 2018/25*. Helsinki: UNU-WIDER.

Rodrik, D., Subramanian, A., & Trebbi, F. (2004). Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development. *Journal of Economic Growth*, *9*(2), 131–165.

Ross, M. L. (2013). *Oil and Gas Data, 1932-2011* (No. V2). Harvard Dataverse. Retrieved from http://hdl.handle.net/1902.1/20369

Roychowdhury, P. (2017). Visible inequality, status competition, and conspicuous consumption: evidence from rural India. *Oxford Economic Papers*, *69*(1), 36–54.

Rüland, J., Kessler, C., & Rother, S. (2009). Democratisation through International Migration? Explorative Thoughts on a Novel Research Agenda. *European Journal of East Asian Studies*, *8*(2), 161–179.

Spilimbergo, A. (2009). Democracy and Foreign Education. *The American Economic Review*, *99*(1), 528–543.

Tuccio, M., Hamdouch, B., & Wahba, J. (2016). International Migration: Driver of Political and Social Change?. *IZA Discussion Papers No. 9794*. Bonn: IZA Institute of Labor Economics.

Waldorf, B., & Esparza, A. (1991). A parametric failure time model of international return migration. *Papers in Regional Science*, *70*(4), 419–438.

Welch, B. L. (1938). The Significance of the Difference between Two Means when the Population Variances are Unequal. *Biometrika*, *29*(3/4), 350–362.

Widmaier, S., & Dumont, J.-C. (2011). Are recent immigrants different? A new profile of immigrants in the OECD based on DIOC 2005/06. *OECD Social, Employment and Migration Working Papers No. 126*. Directorate for Employment, Labour and Social Affairs, OECD Publishing.

Wooldridge, J. M. (2010). *Econometric Analysis of Cross Section and Panel Data* (2nd ed.). The United States of America: The MIT Press.

Chapter Appendix

Table 6.5: Eigenvalues and the Proportion of Variation Explained by the Principal Components of the Six WGI Indicators

Component	Eigenvalue	Difference	Proportion	Cumulative
1	5.015	4.621	0.836	0.836
2	0.394	0.066	0.066	0.902
3	0.328	0.196	0.055	0.956
4	0.132	0.059	0.022	0.978
5	0.073	0.016	0.012	0.990
6	0.057	0.000	0.010	1.000

Table 6.6: Component Factor Loadings on the Six WGI Indicators for the First Principal Component

WGI indicators	Component 1	Unexplained
Voice and Accountability	0.380	0.276
Political Stability, Absence of Violence/Terrorism	0.370	0.314
Government Effectiveness	0.426	0.090
Regulatory Quality	0.415	0.137
Rule of Law	0.431	0.068
Control of Corruption	0.424	0.100

Table 6.7: List of Selected OECD Host Countries

No.	Code	Country
	Higher-institutional-quality host countries	
1	FIN	Finland
2	DNK	Denmark
3	LUX	Luxembourg
4	NZL	New Zealand
5	CHE	Switzerland
6	SWE	Sweden
7	NOR	Norway
8	NLD	Netherlands
9	AUS	Australia
10	IRL	Ireland
11	AUT	Austria
12	CAN	Canada
13	DEU	Germany
	Lower-institutional-quality host countries	
14	GBR	United Kingdom of Great Britain and Northern Ireland
15	BEL	Belgium
16	USA	United States of America
17	FRA	France
18	PRT	Portugal
19	ESP	Spain
20	ITA	Italy
21	GRC	Greece

Notes: Country codes follow the International Standards Organization (ISO) 3-digit alphabetic codes. Countries are organized in descending order in terms of institutional quality.

Table 6.8: List of Home Countries Included in the Sample

No.	Code	Country	No.	Code	Country	No.	Code	Country	No.	Code	Country
1	AGO	Angola	34	ECU	Ecuador	67	LAO	Lao	100	RWA	Rwanda
2	ALB	Albania	35	EGY	Egypt	68	LBR	Liberia	101	SAU	Saudi Arabia
3	ARE	United Arab Emirates	36	EST	Estonia*	69	LBY	Libyan Arab Jamahiriya	102	SDN	Sudan
4	ARG	Argentina	37	ETH	Ethiopia	70	LCA	Saint Lucia	103	SEN	Senegal
5	ARM	Armenia	38	FJI	Fiji	71	LKA	Sri Lanka	104	SGP	Singapore
6	AZE	Azerbaijan	39	GAB	Gabon	72	LTU	Lithuania*	105	SLB	Solomon Islands
7	BDI	Burundi	40	GEO	Georgia	73	LVA	Latvia*	106	SLE	Sierra Leone
8	BEN	Benin	41	GHA	Ghana	74	MAR	Morocco	107	SLV	El Salvador
9	BGD	Bangladesh	42	GIN	Guinea	75	MDA	Moldova	108	SVK	Slovakia*
10	BGR	Bulgaria*	43	GMB	Gambia	76	MDG	Madagascar	109	SVN	Slovenia*
11	BHR	Bahrain	44	GNQ	Equatorial Guinea	77	MEX	Mexico	110	SWZ	Swaziland
12	BHS	Bahamas	45	GTM	Guatemala	78	MLI	Mali	111	SYC	Seychelles
13	BLR	Belarus	46	GUY	Guyana	79	MLT	Malta*	112	TCD	Chad
14	BLZ	Belize	47	HKG	Hong Kong	80	MNG	Mongolia	113	TGO	Togo
15	BOL	Bolivia	48	HND	Honduras	81	MOZ	Mozambique	114	THA	Thailand
16	BRA	Brazil	49	HRV	Croatia*	82	MRT	Mauritania	115	TJK	Tajikistan
17	BRB	Barbados	50	HTI	Haiti	83	MUS	Mauritius	116	TTO	Trinidad and Tobago
18	BWA	Botswana	51	HUN	Hungary*	84	MWI	Malawi	117	TUN	Tunisia
19	CAF	Central African Republic	52	IDN	Indonesia	85	MYS	Malaysia	118	TUR	Turkey
20	CHL	Chile	53	IND	India	86	NAM	Namibia	119	TZA	United Republic of Tanzania
21	CHN	China	54	IRN	Iran, Islamic Republic of	87	NER	Niger	120	UGA	Uganda
22	CIV	Côte d'Ivoire	55	IRQ	Iraq	88	NIC	Nicaragua	121	UKR	Ukraine
23	CMR	Cameroon	56	ISL	Iceland*	89	NPL	Nepal	122	URY	Uruguay
24	COG	Congo	57	ISR	Israel	90	PAK	Pakistan	123	UZB	Uzbekistan
25	COL	Colombia	58	JAM	Jamaica	91	PAN	Panama	124	VCT	Saint Vincent and the Grenadines
26	CPV	Cape Verde	59	JOR	Jordan	92	PER	Peru	125	VEN	Venezuela
27	CRI	Costa Rica	60	JPN	Japan*	93	PHL	Philippines	126	VNM	Vietnam
28	CYP	Cyprus*	61	KAZ	Kazakhstan	94	PNG	Papua New Guinea	127	WSM	Samoa
29	CZE	Czech Republic*	62	KEN	Kenya	95	POL	Poland*	128	ZAF	South Africa
30	DJI	Djibouti	63	KGZ	Kyrgyzstan	96	PRY	Paraguay	129	ZAR	Democratic Republic of the Congo
31	DMA	Dominica	64	KHM	Cambodia	97	QAT	Qatar	130	ZMB	Zambia
32	DOM	Dominican Republic	65	KOR	Republic of Korea	98	ROM	Romania*	131	ZWE	Zimbabwe
33	DZA	Algeria	66	KWT	Kuwait	99	RUS	Russian Federation			

Notes: Country codes follow the International Standards Organization (ISO) 3-digit alphabetic codes. *: Developed countries as classified by the United Nations.

Table 6.9: First-Stage Regressions for the 2SLS Models

	Immigration stocks	Institutional-quality-adjusted immigration stocks	Immigration stocks in higher-institutional-quality countries	Immigration stocks in lower-institutional-quality countries	Institutional-quality-adjusted immigration stocks with shorter duration-of-stay	Institutional-quality-adjusted immigration stocks with longer duration-of-stay
lngdp	0.083	0.083	-0.063	0.119	0.091	0.109
	(0.721)	(0.725)	(-0.408)	(0.972)	(0.904)	(0.784)
remit_oda	0.047	0.045	0.004	0.063**	0.063**	0.034
	(1.567)	(1.529)	(0.122)	(2.087)	(2.224)	(1.066)
openness	0.001	0.001	0.001	0.000	-0.000	0.001
	(0.383)	(0.405)	(0.447)	(0.057)	(-0.116)	(0.436)
lnpop	0.551***	0.552***	0.735***	0.557***	0.624***	0.546***
	(5.875)	(5.924)	(6.543)	(5.088)	(7.916)	(4.508)
edu	2.144**	2.143**	3.779***	1.607	2.222**	2.371**
	(2.381)	(2.383)	(3.083)	(1.623)	(2.538)	(2.283)
lndisaster	0.374***	0.375***	0.296**	0.351***	0.325***	0.448***
	(3.773)	(3.800)	(2.241)	(3.304)	(3.327)	(3.772)
adj. R-sq	0.664	0.665	0.631	0.618	0.688	0.609
F-statistics	26.010	24.640	35.645	21.529	25.473	26.531
Prob > F	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001

Notes: Robust *t*-statistics clustered by home country are reported in parentheses. N=393. Time-invariant variables and time-fixed effects are included. F-test for the null hypothesis that all slope coefficients are jointly zero.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 6.10: Coefficients Associated with Diaspora Size Measured as Immigrant Stocks

Control variables	(1) None	(2) lngdp	(3) remit_oda	(4) openness	(5) lnpop	(6) edu	(7) All	(8) None	(9) lngdp	(10) remit_oda	(11) openness	(12) lnpop	(13) edu	(14) All
Dependent variables	2SLS							RE-IV						
awgi	0.843	4.404***	2.508**	1.274	5.522*	1.038	11.693**	0.795	5.168***	1.124	0.950	5.477	1.375	11.955**
	(1.214)	(1.033)	(1.259)	(1.158)	(2.860)	(1.029)	(5.086)	(2.207)	(1.943)	(2.229)	(2.182)	(4.984)	(1.939)	(4.675)
N	393	393	393	393	393	393	393	393	393	393	393	393	393	393
KPW	133.992	133.779	123.250	150.346	45.932	139.118	14.233	48.849	46.360	48.167	53.188	19.665	52.271	20.268
pr	10.511***	14.496***	13.049***	9.308***	29.992***	10.964***	33.326***	12.298***	14.905***	12.829***	12.662***	27.642***	12.774***	29.543***
	(2.401)	(2.396)	(2.647)	(2.341)	(5.443)	(2.209)	(11.085)	(4.422)	(4.444)	(4.602)	(4.220)	(8.694)	(4.196)	(8.758)
N	390	390	390	390	390	390	390	390	390	390	390	390	390	390
KPW	117.865	116.019	102.402	139.865	43.878	123.534	13.854	42.681	39.727	41.763	49.559	18.463	45.911	21.845
cl	7.619***	10.723***	9.684***	6.866***	25.690***	7.999***	28.752***	9.155**	12.202***	9.536**	8.880**	23.790***	9.758***	25.284***
	(1.980)	(1.965)	(2.133)	(1.887)	(4.402)	(1.804)	(8.878)	(3.660)	(3.762)	(3.714)	(3.480)	(7.065)	(3.399)	(7.038)
N	390	390	390	390	390	390	390	390	390	390	390	390	390	390
KPW	117.865	116.019	102.402	139.865	43.878	123.534	11.592	42.665	39.619	41.753	49.347	18.785	45.804	21.934
efw	1.718**	2.556***	1.920**	1.920***	3.659**	1.904***	4.690	1.634	2.802**	1.773	1.697	3.298	1.964	4.550
	(0.714)	(0.653)	(0.763)	(0.681)	(1.639)	(0.692)	(3.082)	(1.285)	(1.163)	(1.341)	(1.245)	(2.976)	(1.222)	(2.917)
N	279	279	279	279	279	279	279	279	279	279	279	279	279	279
KPW	86.261	83.326	87.482	87.708	39.866	89.612	8.864	29.566	28.166	30.032	30.773	13.115	31.116	12.334
polity2	11.738***	13.265***	12.728***	11.270***	37.285***	12.072***	40.001***	13.633***	13.566***	13.797***	13.922***	26.995***	13.829***	23.411***
	(2.283)	(2.146)	(2.437)	(2.283)	(7.610)	(2.145)	(14.989)	(4.098)	(3.889)	(4.208)	(3.942)	(8.834)	(3.853)	(7.719)
N	360	360	360	360	360	360	360	360	360	360	360	360	360	360
KPW	124.548	127.186	105.861	146.938	25.543	132.862	9.052	47.662	44.528	46.517	54.559	15.175	51.943	20.188

Notes: Robust standard errors clustered by home country are reported in parentheses. Time-invariant variables and time-fixed effects are included. KPW: Kleibergen-Paap Wald rank F-statistic to be compared with Stock-Yogo weak instrument test critical values.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 6.11: Coefficients Associated with Diaspora Size Measured as Institutional-Quality-Adjusted Immigrant Stocks

Control variables	(1) None	(2) lngdp	(3) remit_oda	(4) openness	(5) lnpop	(6) edu	(7) All	(8) None	(9) lngdp	(10) remit_oda	(11) openness	(12) lnpop	(13) edu	(14) All
Dependent variables	2SLS							RE-IV						
awgi	0.844	4.402***	2.504**	1.274	5.539*	1.039	11.659**	0.796	5.178***	1.124	0.951	5.527	1.376	12.016**
	(1.214)	(1.029)	(1.255)	(1.157)	(2.865)	(1.028)	(4.922)	(2.210)	(1.945)	(2.228)	(2.183)	(5.032)	(1.940)	(4.700)
N	393	393	393	393	393	393	393	393	393	393	393	393	393	393
KPW	134.938	135.140	124.429	151.725	46.101	140.288	14.436	49.092	46.663	48.500	53.654	19.439	52.727	20.268
pr	10.519***	14.492***	13.022***	9.303***	30.096***	10.971***	33.176***	12.321***	14.943***	12.829***	12.667***	27.919***	12.785***	29.736***
	(2.399)	(2.387)	(2.636)	(2.337)	(5.457)	(2.208)	(10.980)	(4.424)	(4.447)	(4.594)	(4.212)	(8.791)	(4.194)	(8.804)
N	390	390	390	390	390	390	390	390	390	390	390	390	390	390
KPW	118.616	117.170	103.418	141.525	43.989	124.509	14.148	42.867	39.945	42.039	50.097	18.249	46.282	21.924
cl	7.624***	10.720***	9.664***	6.862***	25.779***	8.005***	28.623***	9.173**	12.235***	9.536**	8.883**	24.044***	9.782***	25.362***
	(1.978)	(1.959)	(2.124)	(1.882)	(4.405)	(1.801)	(8.776)	(3.660)	(3.767)	(3.707)	(3.473)	(7.154)	(3.402)	(7.058)
N	390	390	390	390	390	390	390	390	390	390	390	390	390	390
KPW	118.616	117.170	103.418	141.525	43.989	124.509	14.148	42.847	39.812	42.025	49.878	18.537	46.193	22.042
efw	1.717**	2.554***	1.915**	1.918***	3.675**	1.903***	4.695	1.636	2.802**	1.772	1.698	3.335	1.964	4.590
	(0.714)	(0.651)	(0.760)	(0.680)	(1.646)	(0.691)	(3.079)	(1.285)	(1.160)	(1.339)	(1.245)	(3.009)	(1.221)	(2.941)
N	279	279	279	279	279	279	279	279	279	279	279	279	279	279
KPW	87.227	84.475	88.377	88.680	40.033	90.807	11.732	29.846	28.544	30.295	31.127	13.029	31.545	12.356
polity2	11.732***	13.249***	12.681***	11.251***	37.452***	12.066***	39.729***	13.647***	13.593***	13.781***	13.921***	27.370***	13.832***	23.756***
	(2.279)	(2.138)	(2.425)	(2.276)	(7.659)	(2.141)	(14.802)	(4.098)	(3.889)	(4.198)	(3.936)	(8.998)	(3.851)	(7.819)
N	360	360	360	360	360	360	360	360	360	360	360	360	360	360
KPW	125.664	128.726	107.244	149.050	25.473	134.354	9.052	47.970	44.846	46.942	55.205	14.773	52.521	19.944

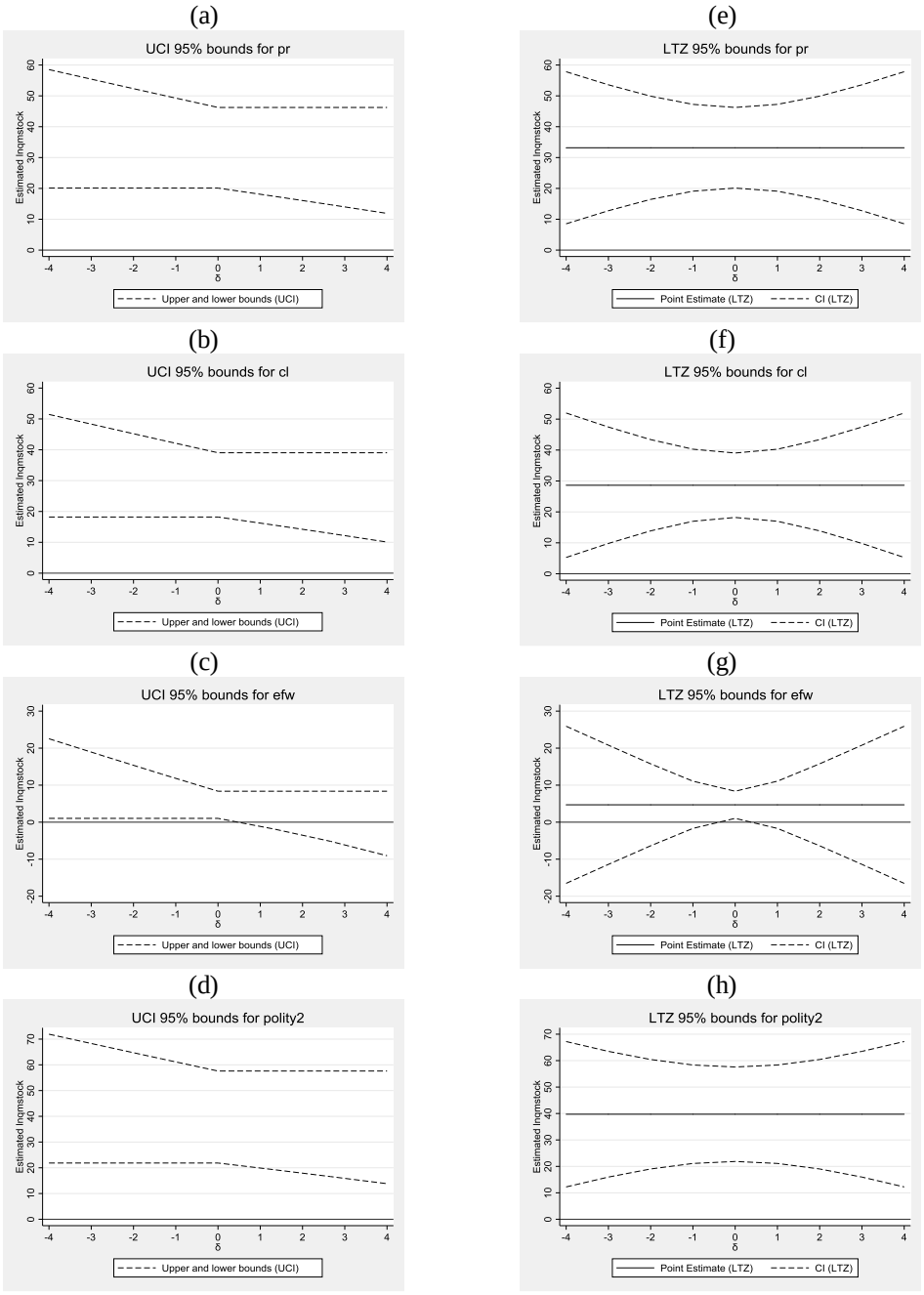
Notes: Robust standard errors clustered by home country are reported in parentheses. Time-invariant variables and time-fixed effects are included. KPW: Kleibergen-Paap Wald rank F-statistic to be compared with Stock-Yogo weak instrument test critical values.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 6.12: Estimates for Institutional-Quality-Adjusted Immigrant Stocks Using Alternative Measures of Institutional Quality: Shorter versus Longer Duration-of-Stay

	2SLS				RE-IV			
	pr	cl	efw	polity2	pr	cl	efw	polity2
				Shorter duration-of-stay				
lnqmstock	37.444***	32.305***	5.421	48.575***	27.900***	23.686***	4.691	18.709**
	(8.572)	(6.899)	(2.119)	(13.439)	(9.062)	(7.139)	(2.860)	(7.762)
N	390	390	279	360	390	390	279	360
DWH	<0.001	<0.001	0.014	0.001	<0.001	<0.001	0.019	<0.001
KPW	11.593	11.593	8.474	6.574	21.310	21.465	10.630	19.253
				Longer duration-of-stay				
lnqmstock	27.315***	23.566***	3.830	33.621***	24.190***	20.214***	3.889	19.931***
	(5.396)	(4.319)	(1.520)	(7.676)	(6.967)	(5.499)	(2.460)	(6.554)
N	390	390	345	360	390	390	345	360
DWH	<0.001	<0.001	0.007	0.001	<0.001	<0.001	0.020	<0.001
KPW	14.688	14.688	12.799	8.844	20.430	19.946	13.029	15.091
Welch's *t*-test	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001	0.023

Notes: Robust standard errors clustered by home country are reported in parentheses. DWH: Durbin-Wu-Hausman endogeneity test, *p*-value reported, null hypothesis = diaspora size is exogenous. KPW: Kleibergen-Paap Wald rank F-statistic to be compared with Stock-Yogo weak instrument test critical values. Welch's *t*-test: test for the significant difference of regression coefficients, *p*-value reported, null hypothesis = regression coefficients associated with *lnqmstock* are equal.
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Figure 6.2: Conley et al. (2012) Bounds Test for Instrument Validity



Notes: This figure presents 95 per cent confidence intervals for the estimated coefficients associated with diaspora size under the assumption that the instrumental variable has a direct effect on home-country institutional quality, captured by γ. Figure 6.2(a)-(d) show the Union of Confidence Intervals (UCI) bounds drawn from varying values of δ under the assumption that $\gamma\epsilon[-\delta, +\delta]$. Figure 6.2(e)-(h) depict the γ Local-to-Zero (LTZ) approximation bounds drawn from varying value of δ under the assumption that $\gamma \sim N(0, \delta^2)$. The estimates are generated by using the STATA command *plausexog* by Clark (2014).

Chapter 7: Conclusions

Migration is not a new phenomenon. The first evidence of modern human migration can be dated to 15,000 years ago or earlier (King, 2010). Over this time, people have been on the move within or across borders in response to economic, political, humanitarian, environmental and other reasons. Since migration has taken on new characteristics in the era of globalization and become a major factor shaping the world, academic and policy attention has increasingly been paid to migration. Worldwide, the picture of migration has been changing at a rapid pace, revealing new patterns that include the temporariness of migration (Dustmann and Görlach, 2016). Moreover, the growing politicization of migration has recently been identified as a prominent feature of contemporary international migration (Castles et al., 2014). These emergent tendencies require fresh insights into the link between international migration and institutional quality. It is essential to understand the role of institutions in explaining temporary migration, in particular return migration, and to take into account the distinction between temporary and permanent migration in assessing the institutional effects of international migration.

This thesis is dedicated to expanding knowledge of the two-way relationship between international migration and institutional quality in light of the emergent global dynamics of migration. Conventional wisdom holds that return migration is a phenomenon of growing importance. Return migration generates enormous externalities that might benefit countries of origin through investment, remittances, and transmission of skills, knowledge, political and social norms. Yet our understanding of return migration is limited. Through four interconnected studies, this thesis sequentially addressed the following research questions: (i) does

institutional quality in the home country matter for return migration decisions?; (ii) does institutional quality in the home country matter for return migration intentions?; (iii) given that institutional quality in the home country is important to migrants when they considering or deciding repatriation, what are migrants willing to pay for better home country institutions?; (iv) do international migration to developed host countries have a positive impact on institutional quality in home countries?; and (v) does the impact of international migration on institutional quality in home countries differ by migrants' duration-of-stay in host countries?

7.1 Main Findings and Policy Implications

Chapter 2 reviewed two decades of economics research on the importance of various types of institutions to the migration decisions of international migrants. This strand of literature has identified the salience of institutional quality in migration decisions. More specifically, spatial inequality in economic and political freedom is a significant push and/or pull factor that shapes the migration decisions of international migrants. Migrants are prone to emigrate from countries governed by weak institutions to search for opportunities in countries with favourable economic institutions and stable political institutions. Lessons from two decades of examining the role of institutions in migration decisions call for institutional improvement, particularly in developing countries where institutions are presently still deficient, to retain domestic human capital and attract external inputs for national development. The chapter also pinpoints the distinction between economic and political institutions in terms of the extent of their influence on migration decisions, with economic institutions having generally larger influence.

Chapter 3 conducts an empirical exercise that looks at the role of institutions in return migration decisions. The empirical strategy of this study showed that institutional quality at the local level acts as a pull factor for these migration decisions. More importantly, the revealed effect of local institutional quality is dependent on the relative quality of institutions in host countries. Regions with higher local institutional quality are more attractive to migrants from host countries with better institutional quality. This finding reveals the norm diffusion effects reflected in the preference of migrants returning from institutionally developed countries for the quality of institutions pertaining to regions in their home country. This chapter extended the literature on the role of institutional quality as a pull factor in the migration decisions of return migrants.

Chapter 4 investigates the role of institutions in return migration intentions, a necessary condition for voluntary return migration. The regression results revealed that those migrants who attach greater importance to institutional quality in Viet Nam are less likely to have the intention to return than other Vietnamese migrants, given their perception that institutional quality in Viet Nam has been relatively lower than that in OECD countries. In other words, strong institutions in the home country act as a pull factor for return migration. Given that institutional quality is shown, in Chapter 3, to be important to return migration *ex post*, i.e. observed return migration decisions, this chapter complements Chapter 3 by providing novel evidence that institutional quality also matters for return migration *ex ante*, i.e. return intentions.

Chapter 5 further investigates the importance of home-country institutional quality found in Chapters 3 and 4, by means of the contingent valuation method. The study found that the respondents are willing to trade-off part of their regular

income for better institutional quality back home. Older migrants, who are more prone to return as documented in the literature, are more likely to have higher willingness to pay. Also, the greater the importance of institutional quality in Viet Nam to Vietnamese migrants, the higher their willingness to pay.

The previous three chapters set up the empirical investigation of the two-way relationship between international migration and institutional quality by looking at the role of institutions in shaping return migration, Chapter 6 provided a macro study tackling the institutional effects of international migration on home countries. The results of cross-sectional and panel analyses attest to the significant positive impact of immigrant stocks living in OECD countries on institutional quality in home countries. This general effect of international migration on institutions is explained by norm diffusion effects, i.e. migrants may transmit their absorbed social, economic and political values and norms to their home countries. Being guided by norm diffusion effects, the chapter developed measures of institutional-quality-adjusted immigrant stocks to incorporate variations in institutional quality between host countries into the measure of diaspora size. The chapter also found that migrants characterized by shorter duration-of-stay are more likely to maintain strong homeland linkages and have higher propensity to re-emigrate. Based on the results of these extensions, the chapter concluded that the distribution of migrants in host countries and the length of their stay matter for the intensity of the norm diffusion effects.

Chapters 3 to 6 provided empirical evidence at the micro and macro levels of the two-way relationship between international migration and institutional quality. The quality of home-country institutions act as pull and/or push forces that drive international migration, particularly return migration; inversely,

international migration induces norm diffusion effects, and thereby alters home-country institutions. From a policy perspective, the following conclusions can be drawn. Based on Chapters 3, 4, and 5, improving the quality of institutions at the national and local levels is a suitable approach for attracting external inputs for development. The quality of institutions shapes the comparative advantages of provincial, regional, and national destinations for potential immigrants and return migrants. Better national institutions contribute to the effectiveness of local institutional improvement and policies that aim to boost return migration for development. Therefore, national institutional reforms are of pivotal importance in the migration and development nexus. These policy implications are particularly relevant for developing countries, where there are still constraints in creating pro-development economic and political institutions. Next, given that international migrants are again found to be development agents for their pro-institutional quality role, policy makers in both home and host countries and the international communities should include migration as a key discussion in their social, economic and political agendas. Since temporary migration is found, in this thesis, to have strong norm diffusion effects, policies that facilitate and govern temporary migration to promote global convergence in institutional quality should be discussed at the national and international levels. It is also worth noting that the institutional development role of diasporas poses challenges to some nation-state leaders who desire to push for unchecked power and retain their autocratic rule. To deter the proliferation of imported institutional norms from developed countries in their countries, those leaders might restrict ties with their diasporas to only allow such transmission as remittances, or even turn their back on their diasporic communities.

7.2 Future Research

International migration is a prominent feature of the world today, and the global trend is increasingly towards temporary migration. There is no doubt that temporary migration, particularly return migration, is important. Despite the attention of scholars and policy makers to the causal effect of institutions on emigration, the current state of our knowledge of the influence of institutions on return migration remains limited. The largest impediment is that data on return migration are not consistently recorded or not even available, making it difficult to measure the size and characteristics of return migrants. These constraints are due to the fact that data on migrant outflows are often absent in many countries. Moreover, re-emigration does not necessarily mean going back to countries of origin, which provides further challenges to empirical research on return migration. Essential steps towards better quality of return migration data include systematically recording the arrival and departure of the foreign-born population and matching these administrative datasets across different countries. Although a number of datasets have been built for research on temporary migration (see Dustmann and Görlach, 2016), progress in precisely measuring return migration requires increasing national efforts and international collaboration. The availability of better data on return migration would facilitate researchers to conduct more case studies and analyses at the cross-country level, which are urgently needed to enrich the literature, and to provide inputs for evidence-informed policy formation and implementation regarding migration for development.

A promising extension of this thesis may be research on the role of institutions in shaping migration of irregular migrants, refugees and asylum

seekers. While there are no precise statistics on the number of irregular migrants, refugees and asylum seekers were estimated to account for 10.1 per cent of international migrants by the end of 2016 (United Nations, 2017). The surging flows of these types of migrant in recent years have moved to the forefront of debate, especially in the European Union countries. Given that political institutions were found to be less important in explaining migration, compared with economic institutions, expanding the investigation on the role of various types of institutions in shaping irregular and forced migration might be worthwhile.

In regard to assessing the causal effect of international migration on institutional quality, it is not an easy task to identify the direct institutional effects, because there are several problems that can influence the estimations (Lodigiani, 2016). First, the presence of reverse causality has induced researchers to employ an instrumental variable strategy. So far, the conventional instrumental variables for migration, such as natural shocks, migration costs, and historical events, are suspect for the possibility of having direct impacts on institutional quality, thereby failing to satisfy the exclusion restriction (see Angrist and Pischke, 2008). Therefore, more effort needs to be put into identifying instrumental variables for migration that satisfy the exclusion restriction but are nonetheless statistically satisfactory exogenous determinants of fluctuations in migration. Second, migrants are more likely to be positively self-selected in terms of skills when choosing destination countries. As discussed previously in this thesis, high-skilled migrants are more sensitive to bad quality institutions; thus, they are more likely to migrate to institutionally developed countries. The self-selection problem raises the concern that the direct norm diffusion effects are intertwined with the

selection bias. Consequently, controlling for potential self-selection biases in this field of study is worth being pursued, to disentangle the direct norm diffusion effects from other channels.

Finally, although this thesis has provided evidence at the macro-level on the causal effect of international migration on institutional quality, we need more evidence at the micro-level to understand the mechanisms behind this relationship. To date, researchers have suggested possible micro channels through which the actions of migrants and their social networks become agents of institutional change, such as the transfer of political norms, voting and lobbying activities from abroad, financial remittances, and return migration. Future research could investigate in more detail the suggested channels and explore new ones to answer the question of how migrants trigger institutional change in the home country.

In sum, this thesis has provided new insights into the two-way relationship between international migration and institutional quality in light of the prevalent trend of temporary migration. Although there still remain unresolved issues in the field, the thesis has contributed new knowledge to our understanding of how return migration impacts on the migration-development nexus.

References

Angrist, J. D., & Pischke, J.-S. (2008). Instrumental Variables in Action: Sometimes You Get What You Need. In *Mostly Harmless Econometrics: An Empiricist's Companion* (pp. 113–220). Princeton: Princeton University Press.

Castles, S., Haas, H. de, & Miller, M. J. (2014). *The age of migration: international population movements in the modern world* (Fifth edition). New York: The Guilford Press.

Dustmann, C., & Görlach, J.-S. (2016). The Economics of Temporary Migrations. *Journal of Economic Literature*, *54*(1), 98–136.

King, R. (Ed.). (2010). *The atlas of human migration: Global patterns of people on the move*. London: Earthscan.

Lodigiani, E. (2016). The effect of emigration on home-country political institutions. *IZA World of Labor: 307*. https://doi.org/doi:10.15185/izawol.307

United Nations. (2017). *International Migration Report 2017: Highlights* (ST/ESA/SER.A/404). Department of Economic and Social Affairs, Population Division.

Thesis Appendix

THE UNIVERSITY OF WAIKATO

Co-Authorship Form

Postgraduate Studies Office
Student and Academic Services Division
Waiwainga Ratonga Mataurenga Akonga
The University of Waikato
Private Bag 3105
Hamilton 3240, New Zealand
Phone +64 7 838 4439
Website: http://www.waikato.ac.nz/sasd/postgraduate/

This form is to accompany the submission of any PhD that contains research reported in published or unpublished co-authored work. **Please include one copy of this form for each co-authored work.** Completed forms should be included in your appendices for all the copies of your thesis submitted for examination and library deposit (including digital deposit).

Please indicate the chapter/section/pages of this thesis that are extracted from a co-authored work and give the title and publication details or details of submission of the co-authored work.

Chapter 2:
Tran, N. T. M., Cameron, M. P., & Poot, J. (forthcoming). The Importance of Political and Economic Institutions to the Decisions of International Migrants. In K. Kourtit, K. B. Newbold, P. Nijkamp, & M. Partridge (Eds.), *The Handbook on the Economic Geography of Cross-Border Migration*. Springer Verlag.

Nature of contribution by PhD candidate	Writing of initial draft.
Extent of contribution by PhD candidate (%)	70

CO-AUTHORS

Name	Nature of Contribution
Michael P. Cameron	Guidance, critical feedback and corresponding author.
Jacques Poot	Guidance and critical feedback.

Certification by Co-Authors

The undersigned hereby certify that:

- the above statement correctly reflects the nature and extent of the PhD candidate's contribution to this work, and the nature of the contribution of each of the co-authors; and

Name	Signature	Date
Michael P. Cameron		21-8-18.
Jacques Poot		15/8/2018

THE UNIVERSITY OF WAIKATO

Co-Authorship Form

Postgraduate Studies Office
Student and Academic Services Division
Waharoa Rangonga Matauranga Akonga
The University of Waikato
Private Bag 3105
Hamilton 3240, New Zealand
Phone +64 7 838 4439
Website: http://www.waikato.ac.nz/saas/postgraduate/

This form is to accompany the submission of any PhD that contains research reported in published or unpublished co-authored work. **Please include one copy of this form for each co-authored work.** Completed forms should be included in your appendices for all the copies of your thesis submitted for examination and library deposit (including digital deposit).

Please indicate the chapter/section/pages of this thesis that are extracted from a co-authored work and give the title and publication details or details of submission of the co-authored work.

Chapter 3:
Tran, N. T. M., Cameron, M. P., & Poot, J. (2018). Local Institutional Quality and Return Migration: Evidence from Viet Nam. *International Migration*. https://doi.org/10.1111/imig.12451

Nature of contribution by PhD candidate	Conceptualizing the study, designing the empirical strategy, collecting data, empirical analysis, writing of initial draft, journal submission, journal revision and presentation at a conference.
Extent of contribution by PhD candidate (%)	70

CO-AUTHORS

Name	Nature of Contribution
Michael P. Cameron	Guidance, critical feedback and assisting with journal revision process.
Jacques Poot	Guidance, critical feedback and assisting with journal revision process.

Certification by Co-Authors

The undersigned hereby certify that:

- the above statement correctly reflects the nature and extent of the PhD candidate's contribution to this work, and the nature of the contribution of each of the co-authors; and

Name	Signature	Date
Michael P. Cameron	Michael Cameron	21-8-18.
Jacques Poot		15/8/2018

THE UNIVERSITY OF WAIKATO
Te Whare Wānanga o Waikato

Co-Authorship Form

Postgraduate Studies Office
Student and Academic Services Division
Wahanga Ratonga Matauranga Akonga
The University of Waikato
Private Bag 3105
Hamilton 3240, New Zealand
Phone +64 7 838 4439
Website: http://www.waikato.ac.nz/saed/postgraduate/

This form is to accompany the submission of any PhD that contains research reported in published or unpublished co-authored work. **Please include one copy of this form for each co-authored work.** Completed forms should be included in your appendices for all the copies of your thesis submitted for examination and library deposit (including digital deposit).

Please indicate the chapter/section/pages of this thesis that are extracted from a co-authored work and give the title and publication details or details of submission of the co-authored work.

Chapter 4:
Tran, N. T. M., Cameron, M. P., & Poot, J. (forthcoming). Return or Not Return? The Role of Home-Country Institutional Quality in Vietnamese Migrants' Return Intentions. *Migration Studies*.

Nature of contribution by PhD candidate	Conceptualizing the study, designing the empirical strategy, collecting data, empirical analysis, and writing of initial draft.
Extent of contribution by PhD candidate (%)	70

CO-AUTHORS

Name	Nature of Contribution
Michael P. Cameron	Guidance and critical feedback.
Jacques Poot	Guidance, critical feedback and corresponding author.

Certification by Co-Authors

The undersigned hereby certify that:

- the above statement correctly reflects the nature and extent of the PhD candidate's contribution to this work, and the nature of the contribution of each of the co-authors; and

Name	Signature	Date
Michael P. Cameron		21-8-18
Jacques Poot		15/8/2018

THE UNIVERSITY OF WAIKATO

Co-Authorship Form

Postgraduate Studies Office
Student and Academic Services Division
Wahanga Ratonga Matauranga Akonga
The University of Waikato
Private Bag 3105
Hamilton 3240, New Zealand
Phone +64 7 838 4439
Website: http://www.waikato.ac.nz/sasd/postgraduate/

This form is to accompany the submission of any PhD that contains research reported in published or unpublished co-authored work. **Please include one copy of this form for each co-authored work.** Completed forms should be included in your appendices for all the copies of your thesis submitted for examination and library deposit (including digital deposit).

Please indicate the chapter/section/pages of this thesis that are extracted from a co-authored work and give the title and publication details or details of submission of the co-authored work.

Chapter 5:
Tran, N. T. M., Cameron, M. P., & Poot, J. (forthcoming). What are Migrants Willing to Pay for Better Home Country Institutions?. *Economic Inquiry*.

Nature of contribution by PhD candidate	Designing the empirical strategy, collecting data, empirical analysis, writing of initial draft and journal submission.
Extent of contribution by PhD candidate (%)	70

CO-AUTHORS

Name	Nature of Contribution
Michael P. Cameron	Conceptualizing the study, guidance and critical feedback.
Jacques Poot	Guidance and critical feedback.

Certification by Co-Authors

The undersigned hereby certify that:

- the above statement correctly reflects the nature and extent of the PhD candidate's contribution to this work, and the nature of the contribution of each of the co-authors; and

Name	Signature	Date
Michael P. Cameron		21-8-18
Jacques Poot		15/8/2018

THE UNIVERSITY OF WAIKATO

Co-Authorship Form

Postgraduate Studies Office
Student and Academic Services Division
Waharoa Ratonga Matauranga Akonga
The University of Waikato
Private Bag 3105
Hamilton 3240, New Zealand
Phone +64 7 838 4439
Website: http://www.waikato.ac.nz/sasd/postgraduate/

This form is to accompany the submission of any PhD that contains research reported in published or unpublished co-authored work. **Please include one copy of this form for each co-authored work.** Completed forms should be included in your appendices for all the copies of your thesis submitted for examination and library deposit (including digital deposit).

Please indicate the chapter/section/pages of this thesis that are extracted from a co-authored work and give the title and publication details or details of submission of the co-authored work.

Chapter 6:
Tran, N. T. M., Cameron, M. P., & Poot, J. (forthcoming). International Migration and Institutional Quality in the Home Country: It Matters Where You Go and How Long You Stay. *Journal of Comparative Economics*.

Nature of contribution by PhD candidate	Conceptualizing the study, designing the empirical strategy, collecting data, empirical analysis, writing of initial draft, journal submission, journal revision and presentation at an international conference and a seminar.
Extent of contribution by PhD candidate (%)	70

CO-AUTHORS

Name	Nature of Contribution
Michael P. Cameron	Guidance, critical feedback and assisting with the journal revision process.
Jacques Poot	Conceptualizing the modified measure of immigrant stocks, guidance, critical feedback and assisting with the journal revision process.

Certification by Co-Authors

The undersigned hereby certify that:

- the above statement correctly reflects the nature and extent of the PhD candidate's contribution to this work, and the nature of the contribution of each of the co-authors; and

Name	Signature	Date
Michael P. Cameron		21-8-18
Jacques Poot		15/8/2018

Research Office
Waikato Management School
The University of Waikato
Private Bag 3105
Hamilton 3240
New Zealand

Amanda Sircombe
Research Manager

Phone +64 7 838 4376
Fax +64 7 838 4063
Email amandas@waikato.ac.nz
www.management.ac.nz

THE UNIVERSITY OF WAIKATO
Te Whare Wānanga o Waikato
MANAGEMENT SCHOOL
Te Kaupapa

9th December 2015

Ngoc Thi Minh Tran
119B Knighton Road
Hillcrest
Hamilton

Dear Ngoc

Ethical Application WMS 15/219
The Two-Way Relationship between International Migration and Institutional Quality – The Case of Vietnam

The above research project has been granted Ethical Approval for Research by the Waikato Management School Ethics Committee.

Please note: should you make changes to the project outlined in the approved ethics application, you may need to reapply for ethics approval.

Best wishes for your research.

Regards,

Amanda Sircombe

Amanda Sircombe
Research Manager

SURVEY QUESTIONNAIRE - OECD

Thank you very much for your consent of participating in our research project.

This research project aims to examine the role of institutional quality in the return decision of Vietnamese migrants. Knowledge of this research will not only improve the understanding of the role of institutional quality in migration study, but also provide important inputs for the process of institutional innovation in Vietnam.

Participation is entirely voluntary. We would appreciate your answering the following questions as the information you provide will be very valuable to us. However, if you feel that you do not want to answer any particular questions, we will pleasantly accept your decision. We can assure you that your responses will be completely anonymous and will not be used for any other purpose.

For further information, please contact:

Ngoc T. M. Tran
Department of Economics
Waikato Management School
University of Waikato
nt91@students.waikato.ac.nz

Definitions

Origin country or country of origin: the country that is a source of migratory flows. In the case of this research project, this concept indicates Vietnam.

Destination country or country of destination: the country that is a destination for migratory flows. In the case of this research project, this concept indicates the country where you will depart (or departed) from to return to Vietnam.

Table of Contents

PART 1 - PERSONAL BACKGROUND

1. **Where were you born?**
   Mark only one oval.

   - ◯ Vietnam
   - ◯ Other: _____

2. **When is your date of birth?**

   _____
   Example: December 15, 2012

3. **What is your gender?**
   Mark only one oval.

   - ◯ Male
   - ◯ Female

4. **What is your current marital status?**
   Mark only one oval.

   - ◯ Single
   - ◯ Married
   - ◯ In a long-term relationship
   - ◯ Divorced
   - ◯ Separated
   - ◯ Widowed

5. **What is the highest degree or level of school you have completed?**
   Mark only one oval.

   - ◯ No schooling completed or some primary school but not completed
   - ◯ Primary school
   - ◯ Secondary school
   - ◯ High school
   - ◯ Vocational school
   - ◯ Bachelor degree
   - ◯ Postgraduate degree
   - ◯ Other: _____

6. **Which of the following categories best describes your current employment status?**
Check all that apply.

- [ ] Self-employed
- [ ] Employed
- [ ] Not employed and looking for work
- [ ] Not employed and not looking for work
- [ ] Student
- [ ] Retired
- [ ] Unable to work
- [ ] Other: _____

7. **What is your current average WEEKLY income before tax?**
Please indicate type of currency if not in U.S. dollars.

_____

PART 2 - MIGRATION EXPERIENCE

8. **When did you first leave Vietnam for at least 12 months?**
Please indicate month and year.

_____
Example: December 15, 2012

9. **Which country did you first move to to live for at least 12 months?**

_____

10. **Have you ever lived in another country (or other countries) besides your place of birth for at least 12 months before coming to live in your current destination country?**
Mark only one oval.

- ◯ Yes *Skip to question 11.*
- ◯ No *Skip to question 12.*

11. **Please list all the countries in which you have lived for at least 12 months in chronological order, starting with your country of birth, and indicate the months, years and reasons of arrival and departure for each of them.**

Example: 7/2005: left Vietnam, 7/2005: arrived in USA to study, 6/2007: left USA, 2/2008: returned to Vietnam to work, 10/2014: left Vietnam, 10/2014: arrived in New Zealand to invest. (Some suggested reasons: work, study, invest, get married, unite with family or accompany family, being adopted, retire, flee political persecution ...)

_____

_____

_____

_____

_____

12. **Which of the following categories best describes your current legal status in your destination country?**

Mark only one oval.

- ◯ Work visa holder
- ◯ Student visa holder
- ◯ Temporary retirement visa holder
- ◯ Visitor visa holder
- ◯ Business visa holder
- ◯ Skilled migrant visa holder
- ◯ Partner and family visa holder
- ◯ Right of permanent residence
- ◯ Citizenship
- ◯ Other: _____

13. **Do you have the intention of returning to Vietnam permanently or for a period of at least 12 months or longer?**

Mark only one oval.

- ◯ Yes *Skip to question 14.*
- ◯ No *Skip to question 18.*
- ◯ Not sure *Skip to question 18.*
- ◯ I have never thought about this *Skip to question 18.*

14. **Why do you intend to return to Vietnam permanently or for a period of at least 12 months or longer?**

If you choose more than one reason, please rank your choices in order of importance. The 1st reason indicates the most important one.
Mark only one oval per row.

	1st reason	2nd reason	3rd reason	4th reason	5th reason
Unemployment in the destination country	◯	◯	◯	◯	◯
Integration difficulties in the destination country	◯	◯	◯	◯	◯
Family ties in Vietnam	◯	◯	◯	◯	◯
Social network in Vietnam	◯	◯	◯	◯	◯
Retirement in Vietnam	◯	◯	◯	◯	◯
Employment in Vietnam	◯	◯	◯	◯	◯
Investment in Vietnam	◯	◯	◯	◯	◯
End of study or training programme in the destination country	◯	◯	◯	◯	◯
End of temporary working period in the destination country	◯	◯	◯	◯	◯
Other	◯	◯	◯	◯	◯

15. **Have you registered for permanent residence in Vietnam?**

Mark only one oval.

◯ Yes *Skip to question 16.*

◯ No *Skip to question 18.*

16. **When were you granted permanent residence in Vietnam?**

Please indicate month and year.

Example: December 15, 2012

17. **Which city or province did you choose to register for permanent residence upon returning to Vietnam?**

PART 3: INTEGRATION IN THE DESTINATION COUNTRY

A. Social integration

18. **Do you have your close family members in your destination country?**
Check all that apply.

- [ ] Spouse
- [ ] Dependent children
- [ ] Grown-up children
- [ ] Parents
- [ ] Other relatives
- [ ] No one

19. **Can you use the native language of your destination country fluently in daily communication?**
Mark only one oval.

- ◯ Yes
- ◯ No

20. **Do you have friends who were born in your destination country?**
Mark only one oval.

- ◯ Yes
- ◯ No

21. **Are you a member of any associations in your destination country?**
Mark only one oval.

- ◯ Yes
- ◯ No

22. **Do you usually vote in elections in your destination country?**
Mark only one oval.

- ◯ Yes
- ◯ No

23. **If you answer "No" to any of the previous three questions, please explain why not.**

B. Economic integration

24. **Do you have any real estate ownership in your destination country?**
Mark only one oval.

- Yes
- No

25. **Do you own any business or shares of any business in your destination country?**
Mark only one oval.

- Yes
- No

26. **Do you have any on-going projects in your destination country?**
Mark only one oval.

- Yes
- No

27. **If you answer "No" to any of the previous three questions, please explain why not.**

PART 4 - TIES IN THE ORIGIN COUNTRY

A. Social ties

28. **Do you have your close family members living in Vietnam?**
Check all that apply.

- [ ] Spouse
- [ ] Dependent children
- [ ] Grown-up children
- [ ] Parents
- [ ] Other relatives
- [ ] No one

29. **How often do you visit Vietnam?**
Mark only one oval.

- ◯ I haven't been back yet
- ◯ Less than once per year
- ◯ Once per year
- ◯ More than one time per year

30. **Are you a member of any associations in Vietnam?**
Mark only one oval.

- ◯ Yes
- ◯ No

31. **If you answer "No" to the previous question, please explain why not.**

_____

_____

_____

_____

_____

B. Economic ties

32. **How often do you remit money to Vietnam?**
Mark only one oval.

- ◯ I haven't remitted yet
- ◯ Less than once per year
- ◯ Once per year
- ◯ More than one time per year

33. **Do you have any real estate ownership in Vietnam?**
Mark only one oval.

- ◯ Yes
- ◯ No

34. **Do you own any business or shares of any business in Vietnam?**
Mark only one oval.

- ◯ Yes
- ◯ No

35. **Do you have any on-going projects in Vietnam?**
Mark only one oval.

- ◯ Yes
- ◯ No

36. **If you answer "No" to any of the previous three questions, please explain why not.**

_____

_____

_____

_____

_____

PART 5 - PERCEPTIONS OF SOCIAL, ECONOMIC AND INSTITUTIONAL FACTORS

A. Social and Economic Factors

37. **How do you evaluate the following social and economic factors in your DESTINATION COUNTRY?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Economic prospects	◯	◯	◯	◯	◯	◯
Market size	◯	◯	◯	◯	◯	◯
Private sector development	◯	◯	◯	◯	◯	◯
Housing affordability	◯	◯	◯	◯	◯	◯
Cost of living (excluding housing)	◯	◯	◯	◯	◯	◯
Social safety net	◯	◯	◯	◯	◯	◯
Security	◯	◯	◯	◯	◯	◯
Food safety	◯	◯	◯	◯	◯	◯
Children education	◯	◯	◯	◯	◯	◯
Trustworthiness of people	◯	◯	◯	◯	◯	◯
Friendliness of people	◯	◯	◯	◯	◯	◯
Recreational facilities	◯	◯	◯	◯	◯	◯
Cultural facilities	◯	◯	◯	◯	◯	◯
Natural environment	◯	◯	◯	◯	◯	◯

38. **How do you evaluate the following social and economic factors in VIETNAM?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Economic prospects						
Market size						
Private sector development						
Housing affordability						
Cost of living (excluding housing)						
Social safety net						
Security						
Food safety						
Children education						
Trustworthiness of people						
Friendliness of people						
Recreational facilities						
Cultural facilities						
Natural environment						

39. **Are the following social and economic factors in VIETNAM important to your decision of returning to Vietnam permanently?**
Mark only one oval per row.

	Unimportant	Little important	Moderately important	Important	Very important
Economic prospects					
Market size					
Private sector development					
Housing affordability					
Cost of living (excluding housing)					
Social safety net					
Security					
Food safety					
Children education					
Trustworthiness of people					
Friendliness of people					
Recreational facilities					
Cultural facilities					
Natural environment					

B. Institutional Factors - Voice and Accountability

Voice and accountability captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.

40. **How do you evaluate the QUALITY of the following institutional factors in your DESTINATION COUNTRY?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Freedom of political participation						
Freedom of speech						
Freedom of association						
Freedom of press						
Incorruptibility of public officials						
Transparency of government policy making						
Trustworthiness of elections						
Reliability of national statistics						

41. **How do you evaluate the QUALITY of the following institutional factors in VIETNAM?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Freedom of political participation						
Freedom of speech						
Freedom of association						
Freedom of press						
Incorruptibility of public officials						
Transparency of government policy making						
Trustworthiness of elections						
Reliability of national statistics						

42. **Is the QUALITY of the following institutional factors in VIETNAM important to your decision of returning to Vietnam permanently?**
Mark only one oval per row.

	Unimportant	Little important	Moderately important	Important	Very important
Freedom of political participation					
Freedom of speech					
Freedom of association					
Freedom of press					
Incorruptibility of public officials					
Transparency of government policy making					
Trustworthiness of elections					
Reliability of national statistics					

C. Institutional Factors - Political Stability and Absence of Violence/Terrorism

Political Stability and Absence of Violence/Terrorism measures perceptions of the likelihood of political instability and/or politically-motivated violence, including terrorism.

43. **How do you evaluate the QUALITY of the following institutional factors in your DESTINATION COUNTRY?**
Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Government stability						
Appointment of public officials						
Internal conflict						
International tension						
Armed conflict						

44. **How do you evaluate the QUALITY of the following institutional factors in VIETNAM?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Government stability						
Appointment of public officials						
Internal conflict						
International tension						
Armed conflict						

45. **Is the QUALITY of the following institutional factors in VIETNAM important to your decision of returning to Vietnam permanently?**

Mark only one oval per row.

	Unimportant	Little important	Moderately important	Important	Very important
Government stability					
Appointment of public officials					
Internal conflict					
International tension					
Armed conflict					

D. Institutional Factors - Government Effectiveness

Government effectiveness captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

46. **How do you evaluate the QUALITY of the following institutional factors in your DESTINATION COUNTRY?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Quality of public administration	◯	◯	◯	◯	◯	◯
Quality of public services	◯	◯	◯	◯	◯	◯
Quality of civil services (health, education, infrastructure, utilities)	◯	◯	◯	◯	◯	◯
Trust in government	◯	◯	◯	◯	◯	◯

47. **How do you evaluate the QUALITY of the following institutional factors in VIETNAM?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Quality of public administration	◯	◯	◯	◯	◯	◯
Quality of public services	◯	◯	◯	◯	◯	◯
Quality of civil services (health, education, infrastructure, utilities)	◯	◯	◯	◯	◯	◯
Trust in government	◯	◯	◯	◯	◯	◯

48. **Is the QUALITY of the following institutional factors in VIETNAM important to your decision of returning to Vietnam permanently?**
Mark only one oval per row.

	Unimportant	Little important	Moderately important	Important	Very important
Quality of public administration					
Quality of public services					
Quality of civil services (health, education, infrastructure, utilities)					
Trust in government					

E. Institutional Factors - Regulatory Quality

Regulatory quality captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.

49. **How do you evaluate the QUALITY of the following institutional factors in your DESTINATION COUNTRY?**
Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Fair competitive practices						
Burden of government regulations						
Ease of starting a new business						
Freedom of investment						

50. **How do you evaluate the QUALITY of the following institutional factors in VIETNAM?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Fair competitive practices	◯	◯	◯	◯	◯	◯
Burden of government regulations	◯	◯	◯	◯	◯	◯
Ease of starting a new business	◯	◯	◯	◯	◯	◯
Freedom of investment	◯	◯	◯	◯	◯	◯

51. **Is the QUALITY of the following institutional factors in VIETNAM important to your decision of returning to Vietnam permanently?**

Mark only one oval per row.

	Unimportant	Little important	Moderately important	Important	Very important
Fair competitive practices	◯	◯	◯	◯	◯
Burden of government regulations	◯	◯	◯	◯	◯
Ease of starting a new business	◯	◯	◯	◯	◯
Freedom of investment	◯	◯	◯	◯	◯

F. Institutional Factors - Rule of Law

Rule of law captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.

52. **How do you evaluate the QUALITY of the following institutional factors in your DESTINATION COUNTRY?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Fairness of judicial process	◯	◯	◯	◯	◯	◯
Quality of contract enforcement	◯	◯	◯	◯	◯	◯
Intellectual property rights protection	◯	◯	◯	◯	◯	◯
Quality of police and courts	◯	◯	◯	◯	◯	◯
Degree of judicial independence	◯	◯	◯	◯	◯	◯

53. **How do you evaluate the QUALITY of the following institutional factors in VIETNAM?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Fairness of judicial process	◯	◯	◯	◯	◯	◯
Quality of contract enforcement	◯	◯	◯	◯	◯	◯
Intellectual property rights protection	◯	◯	◯	◯	◯	◯
Quality of police and courts	◯	◯	◯	◯	◯	◯
Degree of judicial independence	◯	◯	◯	◯	◯	◯

54. **Is the QUALITY of the following institutional factors in VIETNAM important to your decision of returning to Vietnam permanently?**
Mark only one oval per row.

	Unimportant	Little important	Moderately important	Important	Very important
Fairness of judicial process	◯	◯	◯	◯	◯
Quality of contract enforcement	◯	◯	◯	◯	◯
Intellectual property rights protection	◯	◯	◯	◯	◯
Quality of police and courts	◯	◯	◯	◯	◯
Degree of judicial independence	◯	◯	◯	◯	◯

G. Institutional Factors - Control of Corruption

Control of corruption captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

55. **How do you evaluate the QUALITY of the following institutional factors in your DESTINATION COUNTRY?**
Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Corruption among public officials	◯	◯	◯	◯	◯	◯
Diversion of public funds	◯	◯	◯	◯	◯	◯
Quality of anti-corruption policy	◯	◯	◯	◯	◯	◯
Accountablity of anti-corruption Agency	◯	◯	◯	◯	◯	◯

56. **How do you evaluate the QUALITY of the following institutional factors in VIETNAM?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Corruption among public officials						
Diversion of public funds						
Quality of anti-corruption policy						
Accountablity of anti-corruption Agency						

57. **Is the QUALITY of the following institutional quality factors in VIETNAM important to your decision of returning to Vietnam permanently?**

Mark only one oval per row.

	Unimportant	Little important	Moderately important	Important	Very important
Corruption among public officials					
Diversion of public funds					
Quality of anti-corruption policy					
Accountablity of anti-corruption Agency					

PART 6 - EVALUATION OF RETURN PREFERENTIAL POLICIES

58. **Are you aware of any return preferential policies inaugurated by the Vietnamese government?**

If yes, please specify. If no, please indicate "No".

59. **What is your opinion on return preferential policies inaugurated by the Vietnamese government?**
Mark only one oval.

- Opposite
- Indifferent
- Supportive

60. **How do you evaluate the effectiveness of return preferential policies inaugurated by Vietnamese government?**
Mark only one oval per row.

	Don't know	Very ineffective	Ineffective	Average	Effective	Very effective

61. **To what extent do you take the available return preferential policies inaugurated by Vietnamese government into consideration in your return decision?**
Mark only one oval per row.

	Do not care	Slightly serious	Fairly serious	Serious	Very serious

PART 7 - PUSH FACTORS AND PULL FACTORS

62. **Please choose the most important factor(s) that push(es) you away from Vietnam.**
Check all that apply.

- [ ] Institutional quality in Vietnam
- [ ] Economic factors in Vietnam
- [ ] Social factors in Vietnam
- [ ] Other: _____

63. **Please choose the most important factor(s) that pull(s) you back to Vietnam?**
Check all that apply.

- [ ] Institutional quality in Vietnam
- [ ] Economic factors in Vietnam
- [ ] Social factors in Vietnam
- [ ] Other: _____

64. **Do you agree to give consent for your survey responses to be included in our research under the conditions set out in the Participant Information Sheet?**
Mark only one oval.

- ◯ Yes
- ◯ No

Thank you very much for spending time with our research. Please click the "SUBMIT" button below to complete the survey.

SURVEY QUESTIONNAIRE - NEW ZEALAND

Thank you very much for your consent of participating in our research project.

This research project aims to examine the role of institutional quality in the return decision of Vietnamese migrants. Knowledge of this research will not only improve the understanding of the role of institutional quality in migration study, but also provide important inputs for the process of institutional innovation in Vietnam.

Participation is entirely voluntary. We would appreciate your answering the following questions as the information you provide will be very valuable to us. However, if you feel that you do not want to answer any particular questions, we will pleasantly accept your decision. We can assure you that your responses will be completely anonymous and will not be used for any other purpose.

For further information, please contact:

Ngoc T. M. Tran
Department of Economics
Waikato Management School
University of Waikato
nt91@students.waikato.ac.nz

Definitions

Origin country or country of origin: the country that is a source of migratory flows. In the case of this research project, this concept indicates Vietnam.

Destination country or country of destination: the country that is a destination for migratory flows. In the case of this research project, this concept indicates New Zealand.

Table of Contents

PART 1 - PERSONAL BACKGROUND

1. **Where were you born?**
   Mark only one oval.

   - ◯ Vietnam
   - ◯ Other: _____

2. **When is your date of birth?**

   _____
   Example: December 15, 2012

3. **What is your gender?**
   Mark only one oval.

   - ◯ Male
   - ◯ Female

4. **What is your current marital status?**
   Mark only one oval.

   - ◯ Single
   - ◯ Married
   - ◯ In a long-term relationship
   - ◯ Divorced
   - ◯ Separated
   - ◯ Widowed

5. **What is the highest degree or level of school you have completed?**
   Mark only one oval.

   - ◯ No schooling completed or some primary school but not completed
   - ◯ Primary school
   - ◯ Secondary school
   - ◯ High school
   - ◯ Vocational school
   - ◯ Bachelor degree
   - ◯ Postgraduate degree
   - ◯ Other: _____

6. **Which of the following categories best describes your current employment status?**
Check all that apply.

- [ ] Self-employed
- [ ] Employed
- [ ] Not employed and looking for work
- [ ] Not employed and not looking for work
- [ ] Student
- [ ] Retired
- [ ] Unable to work
- [ ] Other: _____

7. **What is your current average WEEKLY income before tax in New Zealand dollars?**

PART 2 - MIGRATION EXPERIENCE

8. **When did you first leave Vietnam for at least 12 months?**
Please indicate month and year.

Example: December 15, 2012

9. **Which country did you first move to to live for at least 12 months?**

10. **Have you ever lived in another country (or other countries) besides your place of birth for at least 12 months before coming to live in New Zealand?**
Mark only one oval.

- ◯ Yes *Skip to question 11.*
- ◯ No *Skip to question 12.*

11. **Please list all the countries in which you have lived for at least 12 months in chronological order, starting with your country of birth, and indicate the months, years and reasons of arrival and departure for each of them.**

Example: 7/2005: left Vietnam, 7/2005: arrived in USA to study, 6/2007: left USA, 2/2008: returned to Vietnam to work, 10/2014: left Vietnam, 10/2014: arrived in New Zealand to invest. (Some suggested reasons: work, study, invest, get married, unite with family or accompany family, being adopted, retire, flee political persecution ...)

_____

_____

_____

_____

_____

12. **Which of the following categories best describes your current legal status in New Zealand?**

Mark only one oval.

- ◯ Work visa holder
- ◯ Student visa holder
- ◯ Temporary retirement visa holder
- ◯ Visitor visa holder
- ◯ Business visa holder
- ◯ Skilled migrant visa holder
- ◯ Partner and family visa holder
- ◯ Right of permanent residence
- ◯ Citizenship
- ◯ Other: _____

13. **Do you have the intention of returning to Vietnam permanently or for a period of at least 12 months or longer?**

Mark only one oval.

- ◯ Yes *Skip to question 14.*
- ◯ No *Skip to question 18.*
- ◯ Not sure *Skip to question 18.*
- ◯ I have never thought about this *Skip to question 18.*

14. **Why do you intend to return to Vietnam permanently or for a period of at least 12 months or longer?**

If you choose more than one reason, please rank your choices in order of importance. The 1st reason indicates the most important one.
Mark only one oval per row.

	1st reason	2nd reason	3rd reason	4th reason	5th reason
Unemployment in New Zealand	◯	◯	◯	◯	◯
Integration difficulties in New Zealand	◯	◯	◯	◯	◯
Family ties in Vietnam	◯	◯	◯	◯	◯
Social network in Vietnam	◯	◯	◯	◯	◯
Retirement in Vietnam	◯	◯	◯	◯	◯
Employment in Vietnam	◯	◯	◯	◯	◯
Investment in Vietnam	◯	◯	◯	◯	◯
End of study or training programme in New Zealand	◯	◯	◯	◯	◯
End of temporary working period in New Zealand	◯	◯	◯	◯	◯
Other	◯	◯	◯	◯	◯

15. **Have you registered for permanent residence in Vietnam?**

Mark only one oval.

◯ Yes *Skip to question 16.*

◯ No *Skip to question 18.*

16. **When were you granted permanent residence in Vietnam?**

Please indicate month and year.

Example: December 15, 2012

17. **Which city or province did you choose to register for permanent residence upon returning to Vietnam?**

PART 3: INTEGRATION IN THE DESTINATION COUNTRY

A. Social integration

18. **Do you have your close family members in New Zealand?**
Check all that apply.

- [ ] Spouse
- [ ] Dependent children
- [ ] Grown-up children
- [ ] Parents
- [ ] Other relatives
- [ ] No one

19. **Can you use English fluently in daily communication?**
Mark only one oval.

- ◯ Yes
- ◯ No

20. **Do you have friends who were born in New Zealand?**
Mark only one oval.

- ◯ Yes
- ◯ No

21. **Are you a member of any associations in New Zealand?**
Mark only one oval.

- ◯ Yes
- ◯ No

22. **Do you usually vote in elections in New Zealand?**
Mark only one oval.

- ◯ Yes
- ◯ No

23. **If you answer "No" to any of the previous three questions, please explain why not.**

B. Economic integration

24. **Do you have any real estate ownership in New Zealand?**
Mark only one oval.

- Yes
- No

25. **Do you own any business or shares of any business in New Zealand?**
Mark only one oval.

- Yes
- No

26. **Do you have any on-going projects in New Zealand?**
Mark only one oval.

- Yes
- No

27. **If you answer "No" to any of the previous three questions, please explain why not.**

PART 4 - TIES IN THE ORIGIN COUNTRY

A. Social ties

28. **Do you have your close family members living in Vietnam?**
Check all that apply.

- [ ] Spouse
- [ ] Dependent children
- [ ] Grown-up children
- [ ] Parents
- [ ] Other relatives
- [ ] No one

29. **How often do you visit Vietnam?**
Mark only one oval.

- ◯ I haven't been back yet
- ◯ Less than once per year
- ◯ Once per year
- ◯ More than one time per year

30. **Are you a member of any associations in Vietnam?**
Mark only one oval.

- ◯ Yes
- ◯ No

31. **If you answer "No" to the previous question, please explain why not.**

_____

_____

_____

_____

_____

B. Economic ties

32. **How often do you remit money to Vietnam?**
Mark only one oval.

- ◯ I haven't remitted yet
- ◯ Less than once per year
- ◯ Once per year
- ◯ More than one time per year

33. **Do you have any real estate ownership in Vietnam?**
Mark only one oval.

- ◯ Yes
- ◯ No

34. **Do you own any business or shares of any business in Vietnam?**
Mark only one oval.

- ◯ Yes
- ◯ No

35. **Do you have any on-going projects in Vietnam?**
Mark only one oval.

- ◯ Yes
- ◯ No

36. **If you answer "No" to any of the previous three questions, please explain why not.**

_____

_____

_____

_____

_____

PART 5 - PERCEPTIONS OF SOCIAL, ECONOMIC AND INSTITUTIONAL FACTORS

A. Social and Economic Factors

37. **How do you evaluate the following social and economic factors in NEW ZEALAND?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Economic prospects						
Market size						
Private sector development						
Housing affordability						
Cost of living (excluding housing)						
Social safety net						
Security						
Food safety						
Children education						
Trustworthiness of people						
Friendliness of people						
Recreational facilities						
Cultural facilities						
Natural environment						

38. **How do you evaluate the following social and economic factors in VIETNAM?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Economic prospects						
Market size						
Private sector development						
Housing affordability						
Cost of living (excluding housing)						
Social safety net						
Security						
Food safety						
Children education						
Trustworthiness of people						
Friendliness of people						
Recreational facilities						
Cultural facilities						
Natural environment						

39. **Are the following social and economic factors in VIETNAM important to your decision of returning to Vietnam permanently?**
Mark only one oval per row.

	Unimportant	Little important	Moderately important	Important	Very important
Economic prospects					
Market size					
Private sector development					
Housing affordability					
Cost of living (excluding housing)					
Social safety net					
Security					
Food safety					
Children education					
Trustworthiness of people					
Friendliness of people					
Recreational facilities					
Cultural facilities					
Natural environment					

B. Institutional Factors - Voice and Accountability

Voice and accountability captures perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.

40. **How do you evaluate the QUALITY of the following institutional factors in NEW ZEALAND?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Freedom of political participation						
Freedom of speech						
Freedom of association						
Freedom of press						
Incorruptibility of public officials						
Transparency of government policy making						
Trustworthiness of elections						
Reliability of national statistics						

41. **How do you evaluate the QUALITY of the following institutional factors in VIETNAM?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Freedom of political participation						
Freedom of speech						
Freedom of association						
Freedom of press						
Incorruptibility of public officials						
Transparency of government policy making						
Trustworthiness of elections						
Reliability of national statistics						

42. **Is the QUALITY of the following institutional factors in VIETNAM important to your decision of returning to Vietnam permanently?**
Mark only one oval per row.

	Unimportant	Little important	Moderately important	Important	Very important
Freedom of political participation					
Freedom of speech					
Freedom of association					
Freedom of press					
Incorruptibility of public officials					
Transparency of government policy making					
Trustworthiness of elections					
Reliability of national statistics					

C. Institutional Factors - Political Stability and Absence of Violence/Terrorism

Political Stability and Absence of Violence/Terrorism measures perceptions of the likelihood of political instability and/or politically-motivated violence, including terrorism.

43. **How do you evaluate the QUALITY of the following institutional factors in NEW ZEALAND?**
Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Government stability						
Appointment of public officials						
Internal conflict						
International tension						
Armed conflict						

44. **How do you evaluate the QUALITY of the following institutional factors in VIETNAM?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Government stability						
Appointment of public officials						
Internal conflict						
International tension						
Armed conflict						

45. **Is the QUALITY of the following institutional factors in VIETNAM important to your decision of returning to Vietnam permanently?**

Mark only one oval per row.

	Unimportant	Little important	Moderately important	Important	Very important
Government stability					
Appointment of public officials					
Internal conflict					
International tension					
Armed conflict					

D. Institutional Factors - Government Effectiveness

Government effectiveness captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

46. **How do you evaluate the QUALITY of the following institutional factors in NEW ZEALAND?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Quality of public administration						
Quality of public services						
Quality of civil services (health, education, infrastructure, utilities)						
Trust in government						

47. **How do you evaluate the QUALITY of the following institutional factors in VIETNAM?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Quality of public administration						
Quality of public services						
Quality of civil services (health, education, infrastructure, utilities)						
Trust in government						

48. **Is the QUALITY of the following institutional factors in VIETNAM important to your decision of returning to Vietnam permanently?**
Mark only one oval per row.

	Unimportant	Little important	Moderately important	Important	Very important
Quality of public administration					
Quality of public services					
Quality of civil services (health, education, infrastructure, utilities)					
Trust in government					

E. Institutional Factors - Regulatory Quality

Regulatory quality captures perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.

49. **How do you evaluate the QUALITY of the following institutional factors in NEW ZEALAND?**
Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Fair competitive practices						
Burden of government regulations						
Ease of starting a new business						
Freedom of investment						

50. **How do you evaluate the QUALITY of the following institutional factors in VIETNAM?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Fair competitive practices	◯	◯	◯	◯	◯	◯
Burden of government regulations	◯	◯	◯	◯	◯	◯
Ease of starting a new business	◯	◯	◯	◯	◯	◯
Freedom of investment	◯	◯	◯	◯	◯	◯

51. **Is the QUALITY of the following institutional factors in VIETNAM important to your decision of returning to Vietnam permanently?**

Mark only one oval per row.

	Unimportant	Little important	Moderately important	Important	Very important
Fair competitive practices	◯	◯	◯	◯	◯
Burden of government regulations	◯	◯	◯	◯	◯
Ease of starting a new business	◯	◯	◯	◯	◯
Freedom of investment	◯	◯	◯	◯	◯

F. Institutional Factors - Rule of Law

Rule of law captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.

52. **How do you evaluate the QUALITY of the following institutional factors in NEW ZEALAND?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Fairness of judicial process						
Quality of contract enforcement						
Intellectual property rights protection						
Quality of police and courts						
Degree of judicial independence						

53. **How do you evaluate the QUALITY of the following institutional factors in VIETNAM?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Fairness of judicial process						
Quality of contract enforcement						
Intellectual property rights protection						
Quality of police and courts						
Degree of judicial independence						

54. **Is the QUALITY of the following institutional factors in VIETNAM important to your decision of returning to Vietnam permanently?**
Mark only one oval per row.

	Unimportant	Little important	Moderately important	Important	Very important
Fairness of judicial process					
Quality of contract enforcement					
Intellectual property rights protection					
Quality of police and courts					
Degree of judicial independence					

G. Institutional Factors - Control of Corruption

Control of corruption captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

55. **How do you evaluate the QUALITY of the following institutional factors in NEW ZEALAND?**
Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Corruption among public officials						
Diversion of public funds						
Quality of anti-corruption policy						
Accountablity of anti-corruption Agency						

56. **How do you evaluate the QUALITY of the following institutional factors in VIETNAM?**

Mark only one oval per row.

	Don't know	Very poor	Poor	Acceptable	Good	Very good
Corruption among public officials	◯	◯	◯	◯	◯	◯
Diversion of public funds	◯	◯	◯	◯	◯	◯
Quality of anti-corruption policy	◯	◯	◯	◯	◯	◯
Accountablity of anti-corruption Agency	◯	◯	◯	◯	◯	◯

57. **Is the QUALITY of the following institutional quality factors in VIETNAM important to your decision of returning to Vietnam permanently?**

Mark only one oval per row.

	Unimportant	Little important	Moderately important	Important	Very important
Corruption among public officials	◯	◯	◯	◯	◯
Diversion of public funds	◯	◯	◯	◯	◯
Quality of anti-corruption policy	◯	◯	◯	◯	◯
Accountablity of anti-corruption Agency	◯	◯	◯	◯	◯

PART 6 - EVALUATION OF RETURN PREFERENTIAL POLICIES

58. **Are you aware of any return preferential policies inaugurated by the Vietnamese government?**

If yes, please specify. If no, please indicate "No".

59. **What is your opinion on return preferential policies inaugurated by the Vietnamese government?**
Mark only one oval.

- Opposite
- Indifferent
- Supportive

60. **How do you evaluate the effectiveness of return preferential policies inaugurated by Vietnamese government?**
Mark only one oval per row.

	Don't know	Very ineffective	Ineffective	Average	Effective	Very effective

61. **To what extent do you take the available return preferential policies inaugurated by Vietnamese government into consideration in your return decision?**
Mark only one oval per row.

	Do not care	Slightly serious	Fairly serious	Serious	Very serious

PART 7 - PUSH FACTORS AND PULL FACTORS

62. **Please choose the most important factor(s) that push(es) you away from Vietnam.**
Check all that apply.

- [ ] Institutional quality in Vietnam
- [ ] Economic factors in Vietnam
- [ ] Social factors in Vietnam
- [ ] Other: _____

63. **Please choose the most important factor(s) that pull(s) you back to Vietnam?**
Check all that apply.

- [ ] Institutional quality in Vietnam
- [ ] Economic factors in Vietnam
- [ ] Social factors in Vietnam
- [ ] Other: _____

PART 8 - CONTINGENT VALUATION QUESTIONS

64. **Given your perceptions of the difference in institutional quality between New Zealand and Vietnam, what would be the SMALLEST level of WEEKLY INCOME BEFORE TAX in VIETNAM where you would be happy moving back to Vietnam permanently?**
Please select the lowest income interval in New Zealand dollars.
Mark only one oval.

- ◯ $590 - $799
- ◯ $800 - $999
- ◯ $1,000 - &1,199
- ◯ $1,200 - $1,399
- ◯ $1,400 - $1,599
- ◯ $1,600 - $1,799
- ◯ $1,800 - $1,999
- ◯ $2,000 - $2,199
- ◯ $2,200 - $2,399
- ◯ $2,400 - $2,599
- ◯ $2,600 - $2,799
- ◯ $2,800 - $2,999
- ◯ $3,000 - $3,199
- ◯ $3,200 or more

65. **What is the exact number in the interval that you chose in the previous question?**

_____

66. **Now imagine that the institutional quality in Vietnam changed so that it was equal with New Zealand in all ways (and everything else remained the same). If this happened, what would be the SMALLEST level of WEEKLY INCOME BEFORE TAX in VIETNAM where you would be happy moving back to Vietnam permanently?**

Please select the lowest interval in New Zealand dollars.
Mark only one oval.

- ◯ $590 - $799
- ◯ $800 - $999
- ◯ $1,000 - &1,199
- ◯ $1,200 - $1,399
- ◯ $1,400 - $1,599
- ◯ $1,600 - $1,799
- ◯ $1,800 - $1,999
- ◯ $2,000 - $2,199
- ◯ $2,200 - $2,399
- ◯ $2,400 - $2,599
- ◯ $2,600 - $2,799
- ◯ $2,800 - $2,999
- ◯ $3,000 - $3,199
- ◯ $3,200 or more

67. **What is the exact number in the interval that you chose in the previous question?**

68. **Do you agree to give consent for your survey responses to be included in our research under the conditions set out in the Participant Information Sheet?**

Mark only one oval.

- ◯ Yes
- ◯ No

Thank you very much for spending time with our research. Please click the "SUBMIT" button below to complete the survey.